

# State of Connecticut

## *STATE OF CONNECTICUT*

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2001**

*Prepared by the Office of the  
State Comptroller*

**NANCY WYMAN  
STATE COMPTROLLER**

*This publication will be made available, upon request, in large print, Braille or audio cassette pursuant to the requestor's requirements.*

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# State of Connecticut

## Office of the State Comptroller

The State Comptroller is one of the six State officers elected to hold office for a term of four years. The office of the State Comptroller was established in 1786 by an act of the General Assembly. The Constitutional Amendment of 1836 provided that the Comptroller be elected by the people in a manner similar to that of other State officers. Since 1838 this method has been in effect.

The Comptroller prescribes the mode of keeping and rendering all public accounts. She is required to adjust and settle all public accounts and demands, excepting grants and orders of the General Assembly. The Comptroller also renders a monthly accounting of the State's financial condition.

In addition, the Comptroller approves and records all obligations against the State. She maintains all official accounting records and is responsible for the employee payrolls for all State agencies, departments, and institutions. Her office administers all Retirement Systems other than Teachers' retirement. Additionally, the Comptroller administers numerous miscellaneous appropriations of the State.

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## STATE OF CONNECTICUT

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MARK OJAKIAN  
DEPUTY COMPTROLLER

December 31, 2001

To the Citizens of the State of Connecticut:

I am pleased to present this Comprehensive Annual Financial Report (CAFR) of the State of Connecticut for the fiscal year ended June 30, 2001.

This report was prepared in its entirety by this office and we take full responsibility for the accuracy of the data and the completeness and fairness of the presentation of the financial statements, supporting schedules, and statistical tables in it.

The CAFR is designed to be in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by the Governmental Accounting Standards Board (GASB) as well as the reporting requirements prescribed by the Government Finance Officers Association and the American Institute of Certified Public Accountants. We believe that this report presents fairly the financial position of the state and the results of its operations as measured by the financial activity of its various funds. The report is consistent with full disclosure so that the reader may gain maximum understanding of the state's financial affairs. The report is presented in three sections:

The Introductory Section contains this transmittal letter, a list of the state's principal elected, appointed and administrative officials, an organizational chart of the state government, and a table of contents.

The Financial Section contains the Auditors of Public Accounts' report, the general purpose financial statements, which include the notes to the financial statements, and the combining financial statements and general fixed assets schedules.

The Statistical Section contains comprehensive statistical data and selected financial and demographic information on a multi-year basis.

### THE REPORTING ENTITY

Connecticut, a state of approximately 3.4 million people in an area of 5,009 square miles, has a developed infrastructure, technologically advanced industrial base and a strong insurance and financial services industry. The State of Connecticut ratified the Constitution of the United States on January 9, 1788. It has a legislative - executive - judicial form of government with a bicameral legislature (36 Senators, 151 Representatives). The Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller, and Attorney General are independently elected for four-year terms. Senators and Representatives are elected for two-year terms.

The state provides a broad range of services including public safety, state highways and other transportation services, state parks, social services, higher education, health services, economic development, and regulatory responsibilities.

This report includes all the funds and account groups of the state as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Connecticut Lottery Corporation is reported as an enterprise fund of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government. These would include the Connecticut Development Authority, Connecticut Housing Finance Authority, Connecticut Resources Recovery Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Health and Educational Facilities Authority, Connecticut Innovations, Incorporated, and Capital City Economic Development Authority.

## STATE INITIATIVES

### Connecticut's Industry Cluster Economic Development Initiative and Growth of the High Technology Sector

Connecticut's economic development strategy relies heavily on the creation of industry clusters. A cluster is defined as a concentration of companies and industries in a geographic region, which are interconnected by the markets they serve and the products they produce, as well as suppliers, trade associations and educational institutions. Examples of clusters include: the Silicon Valley for its microelectronics, biotechnology and venture capital; Route 128 in Massachusetts for its software, computer communications hardware, and health care technology; and Hartford for its insurance and finance sectors.

In 1998, a task force of 125 Connecticut business leaders was established to examine the best methods for creating cluster-based growth in the state. After much work, a bioscience cluster was launched at the end of 1998. The cluster started with \$300,000 in state money and \$700,000 in industry contributions. Its growth strategy is overseen through a public-private partnership. The cluster's activities have led to the establishment of a biotech facilities fund that, with the addition of \$20 million in 2001, will total \$60 million. This fund will underwrite the development of 150,000 square feet of incubator and lab space.

In 1999, three additional clusters were added as follows: aerospace, software/information technology, and metal manufacturing. In 2001 a maritime cluster was added. As can be seen by the composition, the five clusters are concentrated toward the growth of high technology industries. High technology is becoming a large part of Connecticut's economy, even as its growth is slower as a result of the recent economic downturn.

A federal Labor Department survey put the number of high-tech workers in the state at 77,500 in 2000, up 23 percent since 1994 and placing Connecticut fifth among all states in the percentage of workers employed in technology.

The expansion of this industry was somewhat hampered by the recent economic downturn, however, as 2001 projections for hiring in high technology fell from 15,000 new positions to 8,800. Revenue projections for 2001 likewise dropped, from \$13 billion to \$10 billion.

Nonetheless, Connecticut's emerging high technology industry is shaping the state's economic landscape. With the decline of the traditional manufacturing industry in the early 1990s, technology jobs are fueling growth. Technology salaries in Connecticut rank seventh nationwide, averaging \$69,600 per year. This represents a 62 percent advantage over other private sector wage earners, who averaged \$43,100.

State government is aggressive in its efforts to assist in the creation of high tech jobs. Connecticut Innovations Incorporated (CII) is a quasi-public agency that makes capital investments in emerging technology companies. Between 1995 and 2000, CII invested more than \$84 million in such business ventures.

The bioscience industry, the state's first industry cluster, is now one of Connecticut's fastest growing. Research and development spending among bioscience companies topped \$3 billion in 2000. This cluster is a collection of enterprises, which include pharmaceutical companies, biotechnology firms and academic research institutions. As of 2000, this sector of the technology field had laboratory space totaling 500,000 square feet.



Many factors contribute to Connecticut's ability to sustain a growing high technology industry including a low corporate tax rate, which is currently lower than other New England states, New York and California; and a highly educated and skilled work force.

The move towards a technology and services-oriented economy in Connecticut has been ongoing since 1990, when 21 percent of state residents were employed in manufacturing. Today, only 15 percent of residents work in that field. Conversely, the percentage of workers in technology and services has increased in that time, from 26 to 32 percent. This is reflected in the 10 fastest growing occupations in the state: computer engineer; systems analyst; computer support specialist; financial sales; physical therapy assistant; biological scientist; recreational attendant; human services worker; home care aide; and medical assistant. The industry cluster initiative is enhancing the economic benefits that can be derived from this trend.

### Creating a World-Class Transportation Infrastructure

State economic growth relies on a transportation infrastructure that is capable of supporting an expanding economy. Connecticut has an extensive network of expressways and arterial highways that provide access to the state's regional markets. The state's economy experienced dramatic growth from 1995 to present, but the state's roadways have not been able to adequately accommodate the increase in traffic. The result has been growing congestion that delays the movement of people and product throughout the state. Public and private-sector leaders agree that transportation is key to improving Connecticut's position in the global market place.

In 2001, almost \$50 million in state funding was appropriated for improvements to the state's transportation system. A 15-member transportation board has been established to set investment priorities that will reduce congestion and create an environment for economic growth. All aspects of transportation in the state will be examined.

A separate seven-member board of directors for Bradley International Airport (a state enterprise fund) has been established to create a strategy that will better leverage the resources of the airport to promote economic growth. The airport is strategically situated for domestic and overseas airfreight operations.

### Core Financial and Administrative Systems

In February 2000, State Comptroller Nancy Wyman and Governor John Rowland jointly announced an initiative to consolidate the state's various financial and personnel record-keeping systems into an integrated core data system. The core system, called CORE-CT, will eliminate the current maze of expensive agency subsystems and provide improved management reporting. The new system, using enterprise resource planning software, will integrate basic human resources, payroll, accounting, and financial reporting functions for all state agencies.

The scope and significance of this endeavor is reflected in the composition of its Project Steering Committee. The Comptroller, who chairs the committee, is joined by the Commissioner of the Department of Administrative Services, the state's chief information officer, and the Secretary of the Office of Policy and Management. The committee's activities are supported by professional staff from various state agencies and by the consulting firm Accenture.

Initial start-up costs for this project were funded by a \$7.5 million appropriation of Fiscal Year 2000 General Fund surplus dollars. In 2001, additional funding in the amount of \$50 million was provided through a bond authorization. While this combined funding will cover a majority of the project's cost, additional funding will be required as implementation moves forward.

Work on defining system requirements, selecting the system and platform, and the documentation of conversion issues has proceeded on schedule. It is anticipated that the system will be operational within the next two years. This system represents an investment in the state's future and is expected to yield better service delivery at a lower cost.

## OPERATING RESULTS

- The 2000-2001 fiscal year operating deficit of \$505 million, once again highlighting the state's continual reliance on debt-financing.
- Long-term obligations decreased \$482 million, the result of a decrease in the unfunded actuarial accrued liability.
- Debt service was 9.1 percent of governmental operating expenditures, approximately the same as the prior year. In absolute terms, such expenditures increased 4.4 percent.
- Net debt per capita rose to \$2,994, almost two and one half times that of fiscal 1990.
- Government expenditures showed a decrease from 10.3 percent to 10 percent of total personal income in the state when compared to the prior fiscal year, however, in absolute terms, expenditures increased 3.4 percent.

**GOVERNMENTAL OPERATING RESULTS\***  
(millions)

	<b>FY 01</b>	<b>FY 00</b>	<b>FY 99</b>	<b>FY 98</b>	<b>FY 97</b>
General Fund Surplus (Deficit)	\$ 13	\$ (77)	\$ 169	\$ 389	\$ 252
Special Revenue Funds:					
Transportation	34	6	47	(25)	47
Grant and Loan Programs	(404)	(590)	(457)	(304)	(297)
Housing Programs	(13)	(3)	(26)	(31)	(44)
Other, net	(135)	49	(113)	(22)	(53)
Total Special Revenue Funds	(518)	(538)	(549)	(382)	(347)
Total Government Operating Surplus (Deficit)	<b>\$ (505)</b>	<b>\$ (615)</b>	<b>\$ (380)</b>	<b>\$ 7</b>	<b>\$ (95)</b>

\*Surplus (Deficit) includes transfers and excludes proceeds from the sale of bonds and notes and capital lease obligations.

**TOTAL GOVERNMENTAL REVENUES\***  
(millions)

	<b>FY 01</b>	<b>FY 00</b>	<b>FY 99</b>	<b>FY 98</b>	<b>FY 97</b>
Taxes	\$ 9,196	\$ 8,845	\$ 8,337	\$ 8,130	\$ 7,611
Intergovernmental	3,279	3,206	2,913	2,854	2,783
All other	1,552	1,386	1,170	1,100	1,019
<b>Total</b>	<b>\$ 14,027</b>	<b>\$ 13,437</b>	<b>\$ 12,420</b>	<b>\$ 12,084</b>	<b>\$ 11,413</b>
<b>Operating Surplus/Deficit as a Percent</b>					
Total Revenue	3.6%	4.6%	3.1%	0.1%	0.8%
Total Tax Revenue	5.5%	7.0%	4.6%	0.1%	1.2%

In the ten years since 1992, governmental expenditures have increased 55 percent while personal income has increased 57 percent.

**GOVERNMENTAL OPERATING EXPENDITURES\***  
**AS A PERCENT OF PERSONAL INCOME**  
(millions)

<b>Fiscal Year</b>	<b>Expenditures</b>	<b>Connecticut Personal Income</b>	<b>Percent</b>
1992	\$ 9,541	\$ 93,779	10.2%
1993	10,494	96,866	10.8%
1994	10,934	99,788	11.0%
1995	11,924	104,315	11.4%
1996	12,221	109,354	11.2%
1997	11,751	116,421	10.1%

1998	12,307	124,971	9.8%
1999	13,051	130,196	10.0%
2000	14,282	139,305	10.3%
2001	14,773	147,235 (2nd qtr.)	10.0%

\* Includes general, special revenue and debt service funds. Operating expenditures also include higher Education expenditures that are treated as an operating transfer out in the general fund.

Uncontrollable and fixed costs continued to consume a large share of the state's spending. Total debt service remained approximately the same at 9.1 percent of governmental expenditures, still almost two times the ratio of fiscal year 1990. Medicaid spending increased 4.3 percent in fiscal year 2001 to approximately \$2.5 billion, however, it still remains at almost one-fifth of total General Fund spending. The net state share of Medicaid, after adjusting for the 50 percent share of federal reimbursements, was \$360 for every man, woman, and child in Connecticut.

Deficit financing for operating purposes continued in fiscal year 2001. Operating deficits of \$417 million were incurred in the Grant and Loan Programs and the Housing Programs special revenue funds in fiscal year 2001. This represents 28 percent of total special revenue funds spending. Debt financing for these and other special revenue programs was \$511 million.

As a result, debt per capita, exclusive of the Economic Recovery Notes, increased to \$2,994 - almost two and one half times what it was in fiscal year 1990.

## General Fund

Fiscal year 2001 saw the state end the year with a small general fund operating surplus, the fifth operating surplus in six consecutive years.

### GENERAL FUND OPERATING SURPLUS (DEFICIT) (millions)

	FY 01	FY 00	FY 99
Surplus (Deficit) in Prior Fiscal Year	\$ (77)	\$ 169	\$ 389
Expenditures (Increases) Decreases:			
General Government	(66)	(13)	(245)
Health and Hospital	(224)	(205)	(98)
Human Services	85	(446)	66
Education, Libraries, and Museums	(398)	(377)	(73)
Corrections	(66)	(149)	(95)
Higher Education	20	(110)	(71)
Debt Service	80	(64)	(109)
Other, net	(71)	239	60
	(640)	(1,125)	(565)
Revenue Increases (Decreases):			
Taxes	384	484	214
Intergovernmental	103	296	63
Other, net	243	99	68
	730	879	345
<b>Surplus (Deficit)</b>	<b>\$ 13</b>	<b>\$ (77)</b>	<b>\$ 169</b>

Revenues increased 5.9 percent in total with tax revenues increasing 4.6 percent and intergovernmental revenues (grants, etc.) increasing 3.4 percent. Expenditures increased 5.2 percent with all expenditure categories increasing except for human services, higher education and debt service.

### GENERAL FUND REVENUES (millions)

FY 01	FY 00	Change	FY 99
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Taxes	\$ 8,667	\$ 8,283	\$ 384	\$ 7,799
Licenses, Permits and Fees	169	128	41	122
Intergovernmental	3,108	3,005	103	2,709
Casino Gaming Payments	332	319	13	288
Charges for Services	42	42	-	34
Fines, Forfeits, and Rents	44	40	4	52
Investment Earnings	65	53	12	58
Miscellaneous	247	128	119	121
<b>Subtotal</b>	<b>12,674</b>	<b>11,998</b>	<b>676</b>	<b>11,183</b>
Transfers In:				
Lottery	252	254	(2)	274
Tobacco Settlement	139	83	56	-
Other	1	1	-	-
<b>Total</b>	<b>\$ 13,066</b>	<b>\$ 12,336</b>	<b>\$ 730</b>	<b>\$ 11,457</b>

As shown above, except for taxes and intergovernmental revenues, the net increase of other sources of revenues is relatively minor. A further analysis of the tax revenues shows that with the exception of the personal income tax and inheritance and estate tax, tax revenues continue to be fairly stagnant, increasing marginally or in many cases even decreasing. Revenue from the personal income tax increased by \$431 million, an increase of approximately 11.4 percent while the inheritance and estate tax increased \$35 million or an increase of 17.5 percent.

**GENERAL FUND TAX REVENUES**  
(millions)

	<b>FY 01</b>	<b>FY 00</b>	<b>Change</b>	<b>FY 99</b>
Personal Income	\$ 4,208	\$ 3,777	\$ 431	\$ 3,368
Sales and Use	3,095	3,082	13	2,922
Corporation	367	413	(46)	461
Public Service Corporations	181	163	18	168
Inheritance and Estate	235	200	35	216
Insurance Companies	185	187	(2)	180
Cigarettes and Tobacco	119	121	(2)	122
Real Estate Conveyance	112	114	(2)	106
Alcoholic Beverages	41	41	-	40
Oil Companies	69	49	20	22
Hospital Gross Receipts	-	68	(68)	126
Admissions, Dues, and Cabaret	24	27	(3)	27
Miscellaneous	31	41	(10)	41
<b>Total</b>	<b>\$ 8,667</b>	<b>\$ 8,283</b>	<b>\$ 384</b>	<b>\$ 7,799</b>

Except for human services and debt service, all functions of government showed increases in expenditures over the prior year.

**MEDICAID EXPENDITURES**  
(millions)

<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
\$ 2,471	\$ 2,368	\$ 2,037	\$ 2,012	\$ 1,960

**GENERAL FUND EXPENDITURES**



	(millions)			
	FY 01	FY 00	Change	FY 99
Legislative	\$ 71	\$ 69	\$ 2	\$ 65
General Government	924	858	66	845
Regulation and Protection	299	289	10	215
Conservation and Development	175	172	3	92
Health and Hospitals	1,479	1,255	224	1,050
Transportation	107	2	105	-
Human Services*	3,836	3,921	(85)	3,475
Education, Libraries, and Museums	2,727	2,329	398	1,952
Corrections	1,242	1,176	66	1,027
Judicial	456	413	43	352
Federal and Other Grants	-	-	-	551
Debt Service	957	1,037	(80)	892
<b>Subtotal</b>	<b>12,273</b>	<b>11,521</b>	<b>752</b>	<b>10,516</b>
Transfers Out:				
Higher Education	678	698	(20)	588
Debt Service	-	-	-	81
Other	102	194	(92)	103
	780	892	(112)	772
<b>Total</b>	<b>\$ 13,053</b>	<b>\$ 12,413</b>	<b>\$ 640</b>	<b>\$ 11,288</b>

\*Includes Medicaid expenditures.

## Special Revenue Funds

Special revenue funds continue to be heavily debt-financed, suggesting that we are burdening future generations of taxpayers with the cost of current programs. Grant and loan programs and housing programs have shown operating deficits for the last five years. To the extent that loan programs result in receivables that can be counted on to mature in time to service the related debt, a case may be made that the economic benefits accrue to current and future taxpayers. Financing grants with debt, however, should be undertaken sparingly and in unusual circumstances.

### SPECIAL REVENUE FUND OPERATING RESULTS

	(millions)				
	FY 01	FY 00	FY 99	FY 98	FY 97
Operating Results before					
Debt Financing					
Transportation	\$ 34	\$ 6	\$ 47	\$ (25)	\$ 47
Grant and Loan Programs	(404)	(590)	(457)	(304)	(297)
Housing Programs	(13)	(3)	(26)	(31)	(44)
Other, net	(135)	49	(113)	(22)	(53)
<b>Deficits before proceeds</b>					
<b>Subtotal</b>	<b>(518)</b>	<b>(538)</b>	<b>(549)</b>	<b>(382)</b>	<b>(347)</b>
Proceeds from debt financing	511	639	556	419	429
<b>Surplus</b>	<b>\$ (7)</b>	<b>\$ 101</b>	<b>\$ 7</b>	<b>\$ 37</b>	<b>\$ 82</b>

The operating deficits primarily arose in the Grant and Loan Programs Fund and the Housing Programs Fund. The Grant and Loan Fund expended \$412 million in fiscal year 2001 supported by revenues of only \$13 million. Bond proceeds of \$429 million financed the balance. The Housing Programs Fund expended \$15 million in fiscal year 2001 supported by \$3 million of revenues and \$26 million of bond proceeds.

Other major special revenue funds include the Transportation Fund, which is generally self-supporting. Revenues of \$994 million in fiscal year 2001 supported expenditures and transfers of \$960 million. The fund balance of the Transportation Fund was \$201 million or 21 percent of expenditures and transfers.

The Employment Security Administration Fund expended \$83 million on administration of the unemployment compensation program, supported by a like amount of federal financial assistance.

The Environmental Programs Fund also required debt financing. Expenditures and transfers of \$78 million were supported by \$34 million of revenues and transfers, along with bond proceeds of \$20 million and resources from fund balance.

### Capital Projects Funds

Capital spending has averaged over \$736 million for the past five years with most of that spending directed toward infrastructure projects. Approximately 67 percent of infrastructure expenditures were financed by federal aid and the balance by state debt. Unlike the deficit financing of certain special revenue funds, the debt used to finance capital construction will provide a tangible benefit to the future generation of taxpayers who will use the asset for which they will pay the debt service. In addition, these infrastructure investments improve the economic climate of the state both immediately and for many years to come.

#### TREND IN CAPITAL PROJECTS EXPENDITURES (millions)

Fiscal Year	State Facilities	Infrastructure	Transportation	Total
2001	\$ 143	\$ 577	\$ -	\$ 720
2000	180	559	7	746
1999	193	530	4	727
1998	165	479	43	687
1997	178	598	25	801

### Expendable Trust Funds

The Employment Security Fund saw its fund balance decrease as resources were transferred to the Special Assessment Trust Fund to help retire unemployment compensation debt incurred in the early 1990's.

#### EMPLOYMENT SECURITY FUND (millions)

Fiscal Year	Revenues	Expenditures	Surplus	Fund Balance
2001	\$ 377	\$ 459	\$ (82)	\$ 837
2000	503	462	41	919
1999	545	406	139	878
1998	658	382	276	739
1997	635	411	224	463

### Pension Trust Funds

Net assets of the pension trust funds decreased four percent for 2001. The State Employees' Retirement System (SERS), by far the largest pension fund for state employees (the Teachers' Retirement System primarily serves municipal employees), funded status increased to 62.5 percent as of fiscal year 2000 as compared to 56.6 percent as of fiscal year 1997. The Teachers' Retirement System (TRS) funded status increased from 69.1 percent to 81.4 percent, and the Judicial Retirement System (JRS) from 52.4 percent to 67.9 percent respectively.

#### PENSION FUNDED STATUS

	FY 01	FY 00	FY 99	FY 98	FY 97
SERS	62.5%	62.5%	59.1%	58.1%	56.6%
TRS	81.4%	70.4%	70.4%	69.1%	69.1%
JRS	67.9%	67.9%	64.2%	58.4%	52.4%

### Enterprise Funds

The largest fund, the Connecticut Lottery Corporation, continues to provide substantial support to the General Fund with revenues of \$840 million providing \$252 million to the General Fund after prizes and expenses of \$590 million.

**ENTERPRISE FUNDS**  
(millions)

Fiscal Year	Operations Revenue	Expenses	Net	Nonoperating Net	Net Income (Loss)	Retained Earnings
2001	\$ 999	\$ 749	\$ 250	\$ (228)	\$ 22	\$ 199
2000	997	780	217	(228)	(11)	177
1999	1,047	769	278	(250)	28	188
1998	963	712	251	(247)	4	166
1997	938	681	257	(244)	13	162

## Higher Education

Expenditures grew at a rate of 5.2 percent in fiscal year 2001 while State support decreased by 2.9 percent. Total revenues increased 9.4 percent over fiscal year 2000 with patient services, sales and services and federal and state grants showing the biggest increases.

**TRENDS IN HIGHER EDUCATION**  
**CURRENT FUNDS**  
(millions)

	FY 01	FY 00	FY 99	FY 98	FY 97
Revenues:					
Tuition and Fees	\$ 309	\$ 295	\$ 265	\$ 257	\$ 250
Federal and State Grants	192	175	144	134	108
Private Gifts	28	29	28	24	27
Patient Services	121	106	104	83	50
Sales and Services	189	170	158	143	143
Other	49	37	43	45	40
<b>Total</b>	<b>888</b>	<b>812</b>	<b>742</b>	<b>686</b>	<b>618</b>
Expenditures and Transfers:					
Education and General	1,272	1,239	1,096	983	932
Patient Care	149	116	114	86	50
Auxiliary Enterprises	124	118	105	94	101
Other	18	13	5	5	4
<b>Total</b>	<b>1,563</b>	<b>1,486</b>	<b>1,320</b>	<b>1,168</b>	<b>1,087</b>
Net before State support	(675)	(674)	(578)	(482)	(469)
State support	678	698	588	517	473
<b>Net</b>	<b>\$ 3</b>	<b>\$ 24</b>	<b>\$ 10</b>	<b>\$ 35</b>	<b>\$ 4</b>
Tuition and fees as a percent of total expenditures and transfers	19.8%	19.9%	20.1%	22.0%	23.0%
State support as a percent of total expenditures and transfers	43.4%	47.0%	44.5%	44.3%	43.5%

## Debt Administration

State general obligation bonds are rated Aa2, AA, and AA by Moody's, Standard and Poor's, and Fitch IBCA, respectively, while transportation-related special tax obligation bonds are currently rated Aa3, AA-, and AA-, respectively.

The state issued approximately \$1.3 billion of bonds in fiscal year 2001, a 17.9 percent increase from last fiscal year. To the extent this bonding is for infrastructure or other assets benefiting future taxpayers, the debt is fully justifiable. The continued increase in the debt burden, however, particularly that portion that is used to finance current programs, bodes ill for the future. It means that future generations will pay for the sins of the past. And it means that the state will have reduced flexibility in future budgets, which will now be burdened by higher fixed costs for debt service.

#### DEBT ISSUANCES

(millions)

	FY 01		FY 00		FY 99	
Special Revenue Funds:						
Grant and Loan Programs	\$ 429	32.3%	\$ 592	52.6%	\$ 479	47.5%
Environmental Programs	20	1.5%	35	3.1%	58	5.8%
Housing Programs	26	2.0%	10	0.9%	-	-
Other	36	2.7%	-	-	17	1.7%
	511	38.5%	637	56.6%	554	55.0%
Capital Project/Debt Service Funds:						
State Facilities/UConn 2000	590	44.5%	339	30.1%	223	22.1%
Infrastructure/Debt Service	226	17.0%	150	13.3%	231	22.9%
	816	61.5%	489	43.4%	454	45.0%
<b>Total Governmental</b>	<b>\$ 1,327</b>	<b>100.0%</b>	<b>\$ 1,126</b>	<b>100.0%</b>	<b>\$ 1,008</b>	<b>100.0%</b>

#### DEBT SERVICE AS A PERCENT OF GOVERNMENTAL OPERATING EXPENDITURES

(millions)

	FY 01	FY 00	FY 99	FY 98	FY 97
Debt Service (Bonded):					
Principal	\$ 790	\$ 743	\$ 756	\$ 732	\$ 598
Interest	550	541	520	500	471
	<b>\$ 1,340</b>	<b>\$ 1,284</b>	<b>\$ 1,276</b>	<b>\$ 1,232</b>	<b>\$ 1,069</b>
Debt Service (Economic Recovery Notes):					
Principal	\$ -	\$ -	\$ 78	\$ 79	\$ 79
Interest	-	-	3	7	10
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81</b>	<b>\$ 86</b>	<b>\$ 89</b>
Governmental Operating Expenditures	<b>\$ 14,773</b>	<b>\$ 14,282</b>	<b>\$ 13,051</b>	<b>\$ 12,307</b>	<b>\$ 11,751</b>
Debt Service as a Percent of Governmental Operating Expenditures:					
Bonded	9.1%	9.0%	9.8%	10.0%	9.1%
Including Economic Recovery Notes	9.1%	9.0%	10.4%	10.7%	9.9%

Net state debt increased 5.2 percent to \$10.3 billion from \$9.8 billion in fiscal year 2000. Net State debt has more than doubled since fiscal year 1990.

#### NET STATE DEBT

(millions)

FY 01	FY 00	FY 99	FY 98	FY 97
-------	-------	-------	-------	-------



## Debt Outstanding (June 30):

General Obligation Bonds	\$ 7,730	\$ 7,222	\$ 6,902	\$ 6,585	\$ 6,339
Transportation Bonds	3,100	3,070	3,192	3,134	3,210
Notes	-	-	-	78	157
	10,830	10,292	10,094	9,797	9,706
Debt Service Available	(575)	(540)	(739)	(498)	(477)
<b>Net Debt, End of Year</b>	<b>\$ 10,255</b>	<b>\$ 9,752</b>	<b>\$ 9,355</b>	<b>\$ 9,299</b>	<b>\$ 9,229</b>

## Changes in Net Debt:

Net Debt, Beginning of Year	\$ 9,752	\$ 9,355	\$ 9,299	\$ 9,229	\$ 8,981
Redemptions-Bonds	(790)	(743)	(756)	(732)	(598)
Redemptions-Notes	-	-	(78)	(79)	(79)
Issuances-Bonds	1,327	1,126	1,008	839	869
Issuances-Notes	-	-	-	-	-
Cash Defeasance	-	(196)	-	-	-
Refundings-Issued	494	-	185	536	161
Refundings-Defeased	(505)	-	(172)	(522)	(157)
Accretion and Other	12	11	110	49	73
Debt Service Decrease (Increase)	(35)	199	(241)	(21)	(21)
<b>Net Debt, End of Year</b>	<b>\$ 10,255</b>	<b>\$ 9,752</b>	<b>\$ 9,355</b>	<b>\$ 9,299</b>	<b>\$ 9,229</b>

Debt per capita has more than doubled to \$2,994 from \$1,204 in fiscal year 1990. Bonded debt is the primary focus of most analyses but it is only half the amount of incurred long-term obligations that will need to be paid by future generations of taxpayers. Long-term obligations also include capital leases; compensated absences which were earned by employees in past periods but which will be paid by future generations. Workers' compensation claims, which arose from past events but will be settled in future periods; and the unfunded actuarial accrued liability, which represents the value of pension benefits earned by employees but which is not funded currently are also included in long-term obligations. The total of these obligations decreased \$482 million in fiscal year 2001.

## NET DEBT PER CAPITA\*

FY 01	FY 00	FY 99	FY 98	FY 97
\$ 2,994	\$ 2,863	\$ 2,850	\$ 2,816	\$ 2,777

\* Exclusive of Economic Recovery Notes.

TRENDS IN SELECTED LONG TERM DEBT  
(millions)

	FY 01	FY 00	FY 99	FY 98	FY 97
Net Bonded Debt	\$ 10,255	\$ 9,752	\$ 9,355	\$ 9,299	\$ 9,229
Capital Leases	64	49	52	48	49
Compensated Absences	309	294	275	264	260
Workers Compensation	326	284	280	279	283
<b>Subtotal</b>	<b>10,954</b>	<b>10,379</b>	<b>9,962</b>	<b>9,890</b>	<b>9,821</b>
Unfunded Actuarial Accrued Liability	6,566	7,623	7,242	6,761	6,597
<b>Total</b>	<b>\$ 17,520</b>	<b>\$ 18,002</b>	<b>\$ 17,204</b>	<b>\$ 16,651</b>	<b>\$ 16,418</b>

## Internal Controls

Elected officials, agency commissioners, directors of public benefit corporations and agency managers are responsible for establishing internal control structures. Good internal controls are essential to achieving the proper conduct of government business with full accountability. This means that:

- resource use is consistent with laws, regulations and policies;

- resources are safeguarded against waste, loss and misuse; and
- reliable data are obtained, maintained and fairly disclosed in reports.

Good internal controls also facilitate the achievement of management objectives. In achieving these goals, good internal controls must strike a balance, providing reasonable, not absolute assurance. This recognizes that costs should not exceed benefits, nor should controls negatively impact operations.

- Good internal control is comprised of the following elements:
- Control Environment - which reflects the overall attitude, awareness, and actions of elected officials or agency managers concerning the importance of control and its emphasis in state government (i.e. What is the tone at the top?)
- Accounting System - which consists of the methods and records established to identify, assemble, analyze, classify, record, and report transactions and to maintain accountability over state resources.
- Control Procedures - which includes those procedures that elected officials and management have established to provide reasonable assurance that specific objectives are being achieved.

This office has been making consistent efforts to improve the overall internal control in state government and simultaneously to give managers authority commensurate with their responsibilities.

### **Budgetary Controls**

The key control mechanism of government finance is the budget. The Government Accounting Standards Board (GASB) has concluded that, "The budgetary process, including comparison of the approved budget with actual experience, is... a major aspect of accountability." The budget is more than just an aspect of accountability, however, it is also:

- An expression of public policy that identifies that activity or program to be carried out, the amounts that may be expended for these purposes, and the time period in which these are to occur.
- A financial plan, or expression of financial intent. For example, what are the expected sources of financing for these programs - who bears the burden of paying for them?
- A form of control usually having the force of law.

Budget control is maintained at the individual appropriation account level by agency as established in authorized bills. The allotment process exercises control over the obligation. The Governor through the Office of Policy and Management allots funds, both for budgeted and non-budgeted funds. The Governor is further allowed to modify the allotments up to three percent of the fund or five percent of the appropriation amount. Modifications beyond those limits, but not in excess of five percent of the total funds, require the approval of the Finance Advisory committee, which is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same party, and three house members, not more than two of the same political party.

### **Cash and Investments Management**

The State Treasurer continually monitors cash flow to maximize the utilization of cash resources. During the year, temporary balances are invested in the State's short-term investment fund, a money market investment pool whose investments consist of certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements, federal agency securities, and other investments with various ranges of maturities. The investment income and average yield rate for the fiscal year 2000-2001 for this fund was approximately \$255 million and 6.11 percent, respectively. By comparison, the IBC First Tier Institutions-Only Rated Money Fund Report Index had a 5.74 percent rate of return, during the same time period.

Bank balances at June 30, 2001 were \$126 million of which about seventy-eight percent was not insured or protected by collateral.

## Risk Management

The state retains risk for certain property and liability claims, including workers' compensation. The State Insurance and Risk Management Board serves as the focal point of risk management and insurance matters, maintaining a balance of commercially placed coverage and risk retention to provide optimal coverage at minimal cost.

## ECONOMIC CONDITION AND OUTLOOK

Connecticut's economy moves in the same general cycle as the national economy. At this writing, the state and nation are experiencing a recession. Real Gross Domestic Product (GDP), the broadest measure of the economy's general health, showed little growth in the second quarter of 2001 and declined in the third quarter. This follows ten years of sustained economic growth in the country. The National Bureau of Economic Research (NBER), a nonprofit, nonpartisan organization that analyzes peaks and troughs in the business cycle, announced on November 26, 2001 that the United States economy had slipped into recession in March 2001. At present, this recession appears less severe than that of the early 1990's. Connecticut was slow to recover from that recession, lagging behind the nation in most economic indicators through the first half of the 1990's. By the second half of the 1990's the state was again experiencing strong growth.

During the state's recession that began in February 1989 and ended in December 1992, Connecticut lost 158,200 jobs. From the beginning of the state's recovery in December 1992 through October 2001, the state added 163,100 jobs to payroll for a net gain of 4,900 jobs. These gains are being eroded by the current recession. From 1995 through 2000 the state added an average of 24,000 jobs a year. Through the first three-quarters of 2001 the state lost 10,800 jobs. Despite the present job losses, the state's unemployment rate was a low 3.2 percent in October 2001.

Connecticut continues to lead the nation in per capita income. In 2000, Connecticut's per capita income of \$40,870 was 38.8 percent higher than that of the United States. The state's two-year average median household income of \$51,432 for 1999-2000 was 22 percent higher than the national figure. However, the state is beginning to see signs of slower income growth. In the 2<sup>nd</sup> quarter of 2001 state personal income advanced at its slowest pace since the 1<sup>st</sup> quarter of 1999. Gains in other income measures are also showing slowing trends. The state's poverty rate average for the three years covering 1998 through 2000 was 7.6 percent, well below the national rate of 11.9 percent for the same period.

The slowing economy has taken its toll on the state's General Fund revenues. Current estimates show Fiscal Year 2001 revenues down \$317 million or 2.6 percent from last year. Annualized revenue growth has been 5.7 percent for the past three fiscal years. At present the income tax and sales tax, the state's two largest tax categories, are projected to post no growth in Fiscal Year 2001. The corporation tax, the third largest tax, is expected to decline by over 10 percent from last year.

Despite the current downward economic trends, Connecticut is well positioned to resume a course of economic growth. The state is known for having one of the most productive workforces in the nation. Worker productivity in the state, as measured by output per worker, is 23 percent above the national average. The state's workforce is well educated. Connecticut ranks third nationally in the percent of population over age twenty-five with a bachelors degree or higher.

The state's industrial base has become more diversified over the past decade. While defense and insurance continue to be important industries, bioscience, software development, communications, pharmaceuticals and medical technology are playing an increasingly important part in the state's overall economic development. Connecticut ranks 5<sup>th</sup> nationally in the percent of residents working in high technology occupations. The state also has an expanding export sector. This sector grew by 9.8 percent in 2000.

Connecticut benefits economically from its geography situated between the financial centers of Boston and New York. More than one quarter of the total population of the United States and 60 percent of the Canadian



population live within 500 miles of Connecticut. Over 30 percent of the nations' effective buying income, retails sales and manufacturing firms are within a day's drive.

Connecticut has 1,385,975 housing units, an increase of 4.9 percent from ten years ago. During this same period, a growth of 3.6 percent was recorded in the state's population. The state's housing stock has a 93.9 percent occupancy rate. Owner occupied housing units comprise 66.8 percent of the state's housing stock. On average, Connecticut families had 138 percent of the income required to purchase the average priced single family home last year. This compares to a figure of 130 percent nationally. The data suggest that housing in the state is still a good long-term investment.

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Connecticut for its comprehensive annual financial report for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Connecticut has received a Certificate of Achievement for the last twelve consecutive years (fiscal years ended 1989-2000). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

### **Independent Audit**

The Auditors of Public Accounts, who report to the legislature and are independent of the executive Branch, have audited the accompanying financial statements in accordance with generally accepted auditing standards and their opinion has been included in this report.

### **ACKNOWLEDGMENTS**

I wish to express my appreciation to the many individuals in all agencies whose cooperation and assistance has made this report possible. In addition, the efforts of the GAAP Reporting Unit and others in our Budget and Financial Analysis Division deserve special acknowledgment.

Sincerely,

Nancy Wyman  
State Comptroller

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**Certificate of  
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**State of  
Connecticut**

**For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001**

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

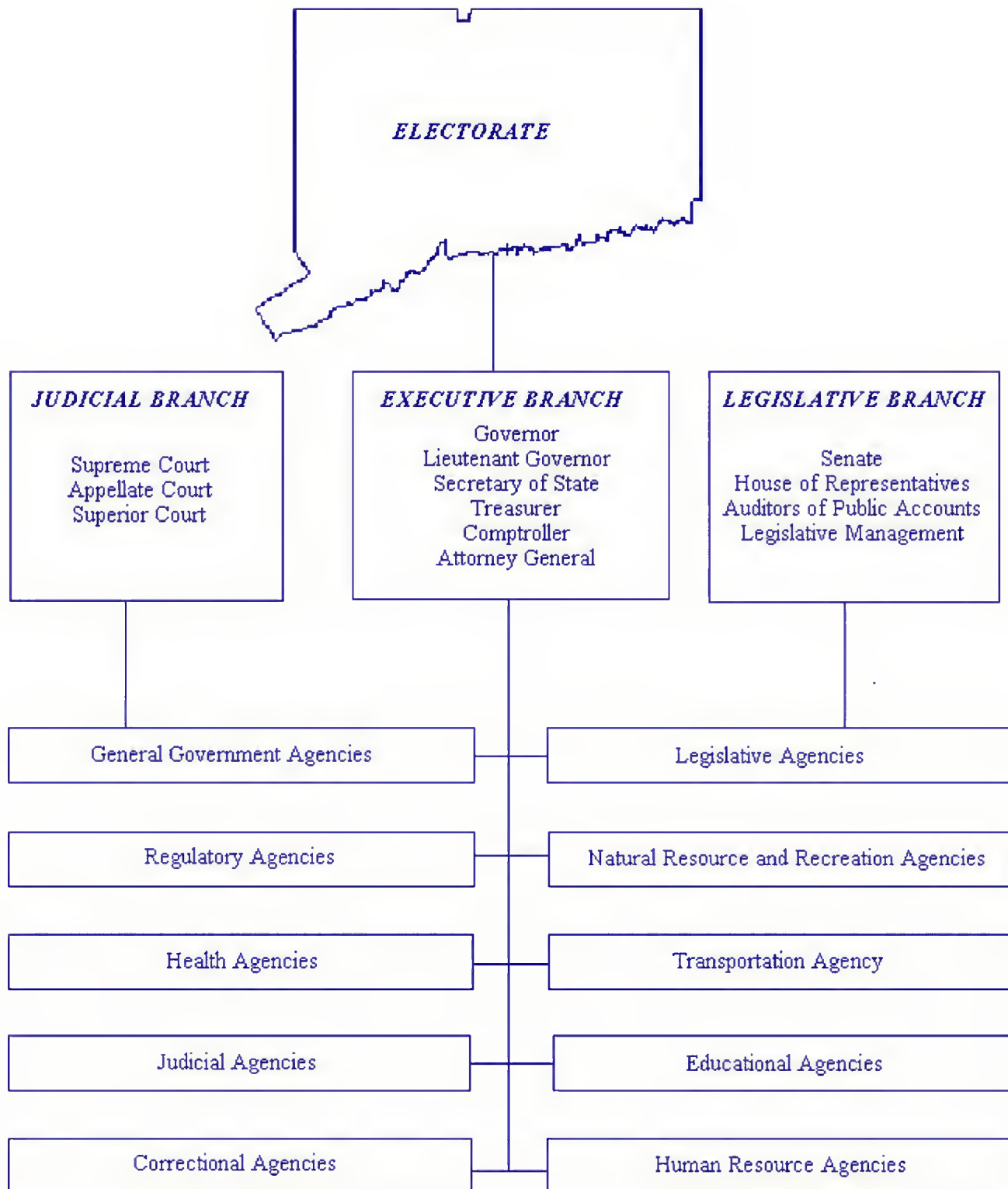


*Thomas H. Hume*  
President  
*Jeffrey L. Egan*  
Executive Director

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# State of Connecticut

## Organization Chart



# State of Connecticut

## Selected State Officials (as of June 30, 2001)

### ***EXECUTIVE***

John G. Rowland  
*Governor*

M. Jodi Rell  
*Lieutenant Governor*

Susan Bysiewicz  
*Secretary of State*

Denise L. Nappier  
*Treasurer*

Nancy Wyman  
*Comptroller*

Richard Blumenthal  
*Attorney General*

### ***JUDICIAL***

Francis M. McDonald  
*Chief Justice*

### ***LEGISLATIVE***

Kevin B. Sullivan  
*President Pro Tempore of the State Senate*  
(36 Senators)

Moir K. Lyons  
*Speaker of the House of Representatives*  
(151 Representatives)

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# State of Connecticut

## STATE OF CONNECTICUT



### AUDITORS OF PUBLIC ACCOUNTS

KEVIN P. JOHNSTON

210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

ROBERT G. JAEKLE

## INDEPENDENT AUDITORS' REPORT

Governor John G. Rowland  
Members of the General Assembly

We have audited the accompanying general purpose financial statements of the State of Connecticut as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Special Transportation Fund account within the Transportation Fund, or the Drinking Water Fund- Federal Account within the Environmental Programs Fund, which represent 29 percent and 72 percent, respectively, of the assets and revenues of the Special Revenue Funds; we did not audit the financial statements of the Transportation Special Tax Obligations Fund, which represent 100 percent of the assets and revenues of the Debt Service Funds; we did not audit the financial statements of the Bradley International Airport, the Connecticut Lottery Corporation, or the John Dempsey Hospital Fund, which represent 84 percent and 98 percent, respectively, of the assets and revenues of the Enterprise Funds; we did not audit the financial statements of the Clean Water Fund, which represent four percent and five percent, respectively, of the assets and revenues of the Trust and Agency Funds; we did not audit the financial statements of the Connecticut Housing Finance Authority, the Connecticut Resources Recovery Authority, the Connecticut Development Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Capital City Economic Development Authority and Connecticut Innovations Incorporated, which represent 100 percent of the assets and revenues of the Component Unit Funds; and, we did not audit the financial statements of the Connecticut State University or the University of Connecticut Foundation, which represent 37 percent and 44 percent, respectively, of the assets and revenues of the Higher Education and University Hospital Funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based solely on the reports of other auditors. All of the aforementioned audits were conducted in accordance with auditing standards generally accepted in the United States of America. In addition, the audits of the Bradley International Airport, Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Development Authority, Connecticut Lottery Corporation, Connecticut Innovations Incorporated, Clean Water Fund and Drinking Water Fund-Federal Account, were conducted in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, except that the audits of certain component units of the State, as described above, were not conducted in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose



financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, and based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2001, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 22 to the financial statements, the State of Connecticut is a defendant in certain legal proceedings. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the State of Connecticut taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

The data in the statistical section listed in the table of contents was not audited by us and, accordingly, we express no opinion thereon.

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts

December 31, 2001  
State Capitol  
Hartford, Connecticut

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# State of Connecticut

## Combined Balance Sheet All Fund Types, Account Groups, and Discretely Presented Component Units

June 30, 2001

(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency
Assets and Other Debits:							
Cash and Cash Equivalents	\$735,755	\$553,122	\$-	\$150,875	\$68,522	\$15,432	\$240,106
Investments:							
Equity in Combined Investment Funds	-	-	-	-	-	-	20,592,619
External Investment Pool	-	-	-	-	-	-	1,416,686
Other	50,460	24,123	-	-	568,934	-	110,427
Securities Lending Collateral	-	-	-	-	-	-	1,483,679
Receivables:							
Taxes	891,171	37,859	-	-	-	-	-
Accounts, Net of Allowances	234,018	8,336	-	2,270	45,321	8,569	112,162
Tuition	-	-	-	-	-	-	-
Loans, Net of Allowances	1,636	313,684	-	-	80,006	-	591,469
Interest	-	167	5,409	-	20,007	-	12,660
Notes Receivable	-	-	-	-	-	-	-
Federal Grants Receivable	62,074	14,094	-	9,732	1,677	-	209
Non-Federal Grants Receivable	6,554	8,318	-	-	-	-	-
Deposits with U.S. Treasury	-	-	-	-	-	-	733,670
Due From Other Funds	22,911	25,475	-	13,678	1,061	3,775	46,430
Due From Component Units	-	-	-	-	-	-	-
Due From Primary Government	-	-	-	-	-	-	-
Advances To Other Funds	4,950	-	-	-	-	-	-
Receivable From Other Governments	496,585	18,654	-	50,675	-	-	3,474
Inventories and Prepaid Items	36,232	13,142	-	-	5,935	5,323	5,170
Restricted Assets	-	-	562,131	-	305,320	-	505,852
Property, Plant & Equipment	-	-	-	-	249,957	50,208	-
Other Assets	-	-	-	-	15,924	569	576,417
Other Debits:							
Amount Available for Debt Retirement	-	-	-	-	-	-	-
Amount to be Provided for Debt Retirement	-	-	-	-	-	-	-
Total Assets and Other Debits	\$2,542,346	\$1,016,974	\$567,540	\$227,230	\$1,362,664	\$83,876	\$26,431,030
Liabilities, Equity and Other Credits:							
Liabilities:							
Accounts Payable and Accrued Liabilities	1,050,733	55,012	-	109,263	150,585	31,623	29,442
Due To Other Funds	69,435	5,592	5,409	47,985	14,789	390	57,636
Due To Primary Government	-	-	-	-	-	-	-
Due To Component Units	151	19,209	-	-	-	-	-
Advances From Other Funds	-	-	-	-	-	4,950	-

**Combined Balance Sheet**  
**All Fund Types, Account Groups, and**  
**Discretely Presented Component Units**

June 30, 2001

(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency
Payable To Other Governments	78,708	-	-	-	-	-	-
Deferred Revenue.	480,893	29,593	7,315	1,547	384	353	19,578
Premiums on Bonds Sold	-	-	-	-	-	-	-
Escrow Deposits	-	-	-	-	-	-	-
Notes and Loans Payable	-	-	-	-	-	-	-
Securities Lending Obligation	-	-	-	-	-	-	1,483,679
Agency Deposit Liabilities.	-	-	-	-	-	-	722,957
General Obligation Bonds	-	-	-	-	-	-	-
Transportation Related Bonds	-	-	-	-	-	-	-
Expendable Trust Fund Obligations	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	-	422,026	-	632,373
Capital Leases	-	-	-	-	-	-	-
Claims and Judgements	-	-	-	-	-	-	-
Compensated Absences	-	-	-	-	6,756	5,428	-
Net Pension Obligation	-	-	-	-	-	-	-
Workers Compensation Liability	-	-	-	-	-	-	-
Liability for Landfill Closure Costs	-	-	-	-	-	-	-
Amount Held for Institutions	-	-	-	-	-	-	-
Liability for Escheat Property	48,717	-	-	-	-	-	-
Malpractice Liability	-	-	-	-	9,551	-	-
Long-Term Annuities Payable	-	-	-	-	451,339	-	-
Total Liabilities	1,728,637	109,406	12,724	158,795	1,055,430	42,744	2,945,665
Equity and Other Credits:							
Investment in Fixed Assets	-	-	-	-	-	-	-
Contributed Capital	-	-	-	-	108,322	1,380	-
Retained Earnings:							
Reserved	-	-	-	-	30,553	-	-
Unreserved	-	-	-	-	168,359	39,752	-
Fund Balances:							
Reserved	1,595,555	382,069	554,816	-	-	-	22,396,655
Unreserved, undesignated	(781,846)	525,499	-	68,435	-	-	1,088,710
Total Equity and Other Credits	813,709	907,568	554,816	68,435	307,234	41,132	23,485,365
Total Liabilities, Equity and Other Credits	\$2,542,346	\$1,016,974	\$567,540	\$227,230	\$1,362,664	\$83,876	\$26,431,030

Account Groups			Total Primary	Total Reporting
General	General	Higher	Government	Entity
Fixed Assets	Long-Term Debt	Education Funds	(Memorandum only)	(Memorandum only)
			Component Units	

	Account Groups			Total		Total
	General	General	Higher	Primary	Component	Reporting
	Fixed	Long-Term	Education	Government	Units	Entity
	Assets	Debt	Funds	(Memorandum only)		(Memorandum only)
Assets and Other Debits:						
Cash and Cash Equivalents	\$-	\$-	\$431,383	\$2,195,195	\$284,450	\$2,479,645
Investments:						
Equity in Combined Investment Funds	-	-	591	20,593,210	-	20,593,210
External Investment Pool	-	-	-	1,416,686	-	1,416,686
Other	-	-	210,322	964,266	551,101	1,515,367
Securities Lending Collateral	-	-	-	1,483,679	-	1,483,679
Receivables:						
Taxes	-	-	-	929,030	-	929,030
Accounts, Net of Allowances	-	-	105,525	516,201	14,574	530,775
Tuition	-	-	910	910	-	910
Loans, Net of Allowances	-	-	30,719	1,017,514	3,208,496	4,226,010
Interest	-	-	-	38,243	36,058	74,301
Notes Receivable	-	-	-	-	222	222
Federal Grants Receivable	-	-	-	87,786	-	87,786
Non-Federal Grants Receivable	-	-	-	14,872	-	14,872
Deposits with U.S. Treasury	-	-	-	733,670	-	733,670
Due From Other Funds	-	-	97,223	210,553	-	210,553
Due From Component Units	-	-	36,215	36,215	-	36,215
Due From Primary Government	-	-	-	-	19,360	19,360
Advances To Other Funds	-	-	-	4,950	-	4,950
Receivable From Other Governments	-	-	-	569,388	-	569,388
Inventories and Prepaid Items	-	-	19,099	84,901	95	84,996
Restricted Assets	-	-	-	1,373,303	767,333	2,140,636
Property, Plant & Equipment	4,060,881	-	2,245,024	6,606,070	260,941	6,867,011
Other Assets	-	-	8,058	600,968	46,637	647,605
Other Debits:						
Amount Available for Debt Retirement	-	575,512	-	575,512	-	575,512
Amount to be Provided for Debt Retirement	-	14,227,201	-	14,227,201	-	14,227,201
Total Assets and Other Debits	\$4,060,881	14,802,713	3,185,069	\$54,280,323	\$5,189,267	\$59,469,590
Liabilities, Equity and Other Credits:						
Liabilities:						
Accounts Payable and Accrued Liabilities	-	-	152,708	1,579,366	77,526	1,656,892
Due To Other Funds	-	-	9,317	210,553	-	210,553
Due To Primary Government	-	-	-	-	36,215	36,215
Due To Component Units	-	-	-	19,360	-	19,360
Advances From Other Funds	-	-	-	4,950	-	4,950
Payable To Other Governments	-	-	-	78,708	-	78,708
Deferred Revenue.	-	-	34,024	573,687	5,770	579,457
Premiums on Bonds Sold	-	-	-	-	-	0
Escrow Deposits	-	-	-	-	127,551	127,551
Notes and Loans Payable	-	-	9,352	9,352	-	9,352
Securities Lending Obligation	-	-	-	1,483,679	-	1,483,679
Agency Deposit Liabilities.	-	-	6,587	729,544	-	729,544
General Obligation Bonds	-	7,730,235	-	7,730,235	-	7,730,235
Transportation Related Bonds	-	3,100,121	-	3,100,121	-	3,100,121
Expendable Trust Fund Obligations	-	248,550	-	248,550	-	248,550
Revenue Bonds	-	-	294,819	1,349,218	3,591,201	4,940,419
Capital Leases	-	64,246	-	64,246	-	64,246



	Account Groups			Total Primary Government	Component Units	Total Reporting Entity
	General Fixed Assets	General Long-Term Debt	Higher Education Funds	(Memorandum only)		(Memorandum only)
Claims and Judgements	-	13,110	-	13,110	-	13,110
Compensated Absences	-	308,587	82,970	403,741	-	403,741
Net Pension Obligation	-	3,011,447	-	3,011,447	-	3,011,447
Workers Compensation Liability	-	326,417	-	326,417	-	326,417
Liability for Landfill Closure Costs	-	-	-	-	24,160	24,160
Amount Held for Institutions	-	-	-	-	223,321	223,321
Liability for Escheat Property	-	-	-	48,717	-	48,717
Malpractice Liability	-	-	-	9,551	-	9,551
Long-Term Annuities Payable	-	-	-	451,339	-	451,339
Total Liabilities	-	14,802,713	589,777	21,445,891	4,085,744	25,531,635
Equity and Other Credits:						
Investment in Fixed Assets	4,060,881	-	2,003,194	6,064,075	-	6,064,075
Contributed Capital	-	-	-	109,702	276,306	386,008
Retained Earnings:						
Reserved	-	-	-	30,553	593,624	624,177
Unreserved	-	-	-	208,111	233,593	441,704
Fund Balances:						
Reserved	-	-	380,192	25,309,287	-	25,309,287
Unreserved, undesignated	-	-	211,906	1,112,704	-	1,112,704
Total Equity and Other Credits	4,060,881	-	2,595,292	32,834,432	1,103,523	33,937,955
Total Liabilities, Equity and Other Credits	\$4,060,881	\$14,802,713	\$3,185,069	\$54,280,323	\$5,189,267	\$59,469,590

The accompanying notes are an integral part of the financial statements.

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# State of Connecticut

## Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Governmental Fund Type				Fiduciary Fund Type	Total (Memorandum only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$8,666,602	\$529,454	\$-	\$-	\$310,340	\$9,506,396
Licenses, Permits and Fees	168,868	341,236	-	-	-	510,104
Tobacco Settlement	-	112,535	-	-	-	112,535
Intergovernmental	3,107,955	171,071	-	392,135	11,058	3,682,219
Charges for Services	41,608	35,965	-	-	-	77,573
Fines, Forfeits and Rents	44,393	24,538	-	-	-	68,931
Casino Gaming Payments	332,418	-	-	-	-	332,418
Health Insurance Contributions	-	-	-	-	41,942	41,942
Investment Earnings and Interest on U.S. Deposits	65,329	24,752	30,055	-	72,748	192,884
Assessments	-	-	-	-	244,642	244,642
Miscellaneous	246,895	82,902	-	806	6,003	336,606
Total Revenues	12,674,068	1,322,453	30,055	392,941	686,733	15,106,250
Expenditures:						
Current:						
Legislative	71,146	-	-	-	-	71,146
General Government	924,169	253,222	-	-	9,860	1,187,251
Regulation and Protection	298,866	255,005	-	-	459,933	1,013,804
Conservation and Development	175,155	250,389	-	-	-	425,544
Health and Hospitals	1,479,136	10,421	-	-	-	1,489,557
Transportation	106,956	494,386	-	-	-	601,342
Human Services	3,835,560	14,548	-	-	-	3,850,108
Education, Libraries and Museums	2,726,579	136,864	-	-	-	2,863,443
Health Insurance Payments	-	-	-	-	39,252	39,252
Corrections	1,242,149	13,362	-	-	-	1,255,511
Judicial	456,301	11,646	-	-	-	467,947
Restricted Federal and Other Grants/Accounts	-	-	-	-	-	-
Capital Projects	-	-	-	720,372	-	720,372
Debt Service:						
Principal Retirement	579,115	24,778	185,630	-	321,695	1,111,218
Refunding Escrow Payment	-	-	-	-	187,742	187,742
Interest and Fiscal Charges	377,926	7,355	164,422	-	26,809	576,512
Total Expenditures	12,273,058	1,471,976	350,052	720,372	1,045,291	15,860,749
Excess (Deficiency) of Revenues Over Expenditures	401,010	(149,523)	(319,997)	(327,431)	(358,558)	(754,499)
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds and Notes	-	501,210	-	709,151	144,100	1,354,461

**Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
All Governmental Fund Types and Expendable Trust Funds**

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Governmental Fund Type				Fiduciary Fund Type	Total (Memorandum only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Non Cash Bond Issues	-	10,399	-	-	-	10,399
Operating Transfers In	391,766	182,737	379,749	-	70,930	1,025,182
Operating Transfers Out (includes \$7,246 to Component Unit)	(780,125)	(551,346)	(30,321)	(148,883)	(56,210)	(1,566,885)
Capital Lease Obligations	20,574	14	-	-	-	20,588
Proceeds of Refunding Bonds	-	-	543,890	-	-	543,890
Payment to Refunded Bond Escrow Agent	-	-	(543,289)	-	-	(543,289)
Total Other Financing Sources (Uses)	(367,785)	143,014	350,029	560,268	158,820	844,346
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	33,225	(6,509)	30,032	232,837	(199,738)	89,847
Fund Balances (deficit) - July 1 (as restated)	781,008	933,555	524,784	(169,986)	1,206,949	3,276,310
Equity Transfer In	6,500	-	-	5,584	-	12,084
Equity Transfer Out	(5,584)	(6,500)				(12,084)
Equity Transfer to Component Unit	-	(12,337)	-	-	-	(2,337)
Changes in Reserves for Inventories	(1,440)	(641)	-	-	-	(2,081)
Fund Balances (deficit) - June 30	\$813,709	\$907,568	\$554,816	\$68,435	\$1,007,211	\$3,351,739

The accompanying notes are an integral part of the financial statements.

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# State of Connecticut

## Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Non-GAAP Budgetary Basis General Fund and Budgeted Special Revenue Funds

For the Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	General Fund			Budgeted Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>						
<b>Budgeted</b>						
Revenues:						
Taxes, Net of Refunds	\$8,715,300	\$8,707,093	\$(8,207)	\$513,500	\$516,073	\$2,573
Operating Transfers In	397,000	396,981	(19)	82,400	85,400	3,000
Casino Gaming Payments	332,500	332,418	(82)	-	-	-
Licenses, Permits, and Fees	124,400	124,331	(69)	326,100	328,052	1,952
Other	275,900	273,002	(2,898)	105,800	107,075	1,275
Federal Grants	2,236,900	2,237,045	145	3,300	3,305	5
Operating Transfers Out	(85,400)	(85,400)	-	(3,000)	(3,000)	-
Total Budgeted	11,996,600	11,985,470	(11,130)	1,028,100	1,036,905	8,805
Federal and Other Restricted	1,600,773	900,510	(700,263)	291,909	92,340	(199,569)
Total Revenues	13,597,373	12,885,980	(711,393)	1,320,009	1,129,245	(190,764)
<b>Expenditures:</b>						
<b>Budgeted</b>						
Legislative	66,101	55,406	10,695	-	-	-
General Government	703,284	511,430	191,854	2,394	2,280	114
Regulation and Protection	235,885	203,478	32,407	143,232	125,389	17,843
Conservation and Development	141,850	83,654	58,196	645	618	27
Health and Hospitals	1,150,297	1,092,361	57,936	-	-	-
Transportation	83,783	34,857	48,926	370,165	327,044	43,121
Human Services	3,602,324	3,537,462	64,862	3,135	2,938	197
Education, Libraries, and Museums	3,207,329	3,007,391	199,938	-	-	-
Corrections	1,022,176	999,052	23,124	-	-	-
Judicial	340,904	338,568	2,336	-	-	-
Non Functional	2,137,452	2,019,041	118,411	604,106	591,644	12,462
Total Budgeted	12,691,385	11,882,700	808,685	1,123,677	1,049,913	73,764
Federal and Other Restricted	1,600,773	900,510	700,263	291,909	92,340	199,569
Total Expenditures	14,292,158	12,783,210	1,508,948	1,415,586	1,142,253	273,333
Appropriations Lapsed	96,255	-	(96,255)	12,703	-	(12,703)
Excess (Deficiency) of Revenues						
Over Expenditures	(598,530)	102,770	701,300	(82,874)	(13,008)	69,866
Other Financing Sources (Uses):						
Resources for Debt Avoidance	-	265,474	265,474	-	-	-
Prior Year Appropriations Carried Forward	378,431	378,431	-	72,700	72,700	-
Appropriations Continued to Fiscal Year 2001-2002	-	(712,430)	(712,430)	-	(55,243)	(55,243)
Miscellaneous Adjustments	-	(3,585)	(3,585)	-	(350)	(350)
Total Other Financing Sources (Uses)	378,431	(72,110)	(450,541)	72,700	17,107	(55,593)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$(220,099)	30,660	\$250,759	\$(10,174)	4,099	\$14,273



Budgetary Fund Balances (deficit) - July 1	1,267,562	444,536
Changes in Reserves	145,992	(4,833)
Budgetary Fund Balances - June 30	\$1,444,214	\$443,802

		(Total Memorandum Only)		
		Budget	Actual	Variance
<b>Revenues:</b>				
<b>Budgeted</b>				
Revenues:				
Budgeted				
Taxes, Net of Refunds		\$9,228,800	\$9,223,166	\$(5,634)
Operating Transfers In		479,400	482,381	2,981
Casino Gaming Payments		332,500	332,418	(82)
Licenses, Permits, and Fees		450,500	452,383	1,883
Other		381,700	380,077	(1,623)
Federal Grants		2,240,200	2,240,350	150
Operating Transfers Out		(88,400)	(88,400)	-
Total Budgeted		13,024,700	13,022,375	(2,325)
Federal and Other Restricted		1,892,682	992,850	(899,832)
Total Revenues		14,917,382	14,015,225	(902,157)
Expenditures:				
Budgeted				
Legislative		66,101	55,406	10,695
General Government		705,678	513,710	191,968
Regulation and Protection		379,117	328,867	50,250
Conservation and Development		142,495	84,272	58,223
Health and Hospitals		1,150,297	1,092,361	57,936
Transportation		453,948	361,901	92,047
Human Services		3,605,459	3,540,400	65,059
Education, Libraries, and Museums		3,207,329	3,007,391	199,938
Corrections		1,022,176	999,052	23,124
Judicial		340,904	338,568	2,336
Non Functional		2,741,558	2,610,685	130,873
Total Budgeted		13,815,062	12,932,613	882,449
Federal and Other Restricted		1,892,682	992,850	899,832
Total Expenditures		15,707,744	13,925,463	1,782,281
Appropriations Lapsed		108,958	-	(108,958)
Excess (Deficiency) of Revenues				
Over Expenditures		(681,404)	89,762	771,166
Other Financing Sources (Uses):				
Resources for Debt Avoidance		-	265,474	265,474
Prior Year Appropriations Carried Forward		451,131	451,131	-
Appropriations Continued to Fiscal Year 2001-2002		-	(767,673)	(767,673)
Miscellaneous Adjustments		-	(3,935)	(3,935)
Total Other Financing Sources (Uses)		451,131	(55,003)	(506,134)
Excess (Deficiency) of Revenues and Other				
Sources Over Expenditures and Other Uses		\$(230,273)	34,759	\$265,032
Budgetary Fund Balances (deficit) - July 1			1,712,098	
Changes in Reserves			141,159	
Budgetary Fund Balances - June 30			\$1,888,016	

The accompanying notes are an integral part of the financial statements.

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# State of Connecticut

## Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Proprietary Fund Types			Total Primary Government	Proprietary Fund Type	Total Reporting Entity
	Enterprise	Service	Fiduciary Fund Type Trust	Internal Nonexpendable (Memorandum only)	Component (Memorandum only)	only)
<b>Operating Revenues:</b>						
Charges for Services	\$59,065	\$130,062	\$-	\$189,127	\$164,977	\$354,104
Interest on Loans	642	-	11,638	12,280	219,792	232,072
Investment Earnings	-	264	29,274	29,538	-	29,538
Patient Service Revenue	94,359	-	-	94,359	-	94,359
Intergovernmental	-	-	35,993	35,993	-	35,993
Civic Center Lease Operations	-	-	-	-	14,649	14,649
Lottery Sales	839,712	-	-	839,712	-	839,712
Miscellaneous	5,640	70	-	5,710	20,399	26,109
Total Operating Revenues	999,418	130,396	76,905	1,206,719	419,817	1,626,536
<b>Operating Expenses:</b>						
Cost of Sales and Services	589,318	63,243	-	652,561	-	652,561
Administrative	59,628	47,883	2,509	110,020	43,810	153,830
Personal Services	-	-	-	-	-	-
Depreciation and Amortization	16,028	21,566	-	37,594	20,901	58,495
Interest on Debt	4,588	-	28,294	32,882	197,115	229,997
Patient Care	74,705	-	-	74,705	-	74,705
Other Program Expenses	5,023	-	1,513	6,536	22,393	28,929
Civic Center Lease Oper. (includes depreciation expense of \$1,898)	-	-	-	-	17,945	17,945
Solid Waste Operations	-	-	-	-	124,624	124,624
Total Operating Expenses	749,290	132,692	32,316	914,298	426,788	1,341,086
Operating Income (Loss)	250,128	(2,296)	44,589	292,421	(6,971)	285,450
<b>Nonoperating Revenues (Expenses):</b>						
Interest and Investment Income	54,696	-	-	54,696	90,651	145,347
Interest and Fiscal Charges	(50,180)	-	-	(50,180)	(15,776)	(65,956)
Other	5,123	-	-	5,123	68,627	73,750
Total Nonoperating Income (Expense)	9,639	-	-	9,639	143,502	153,141
Income (Loss) Before Operating Transfers	259,767	(2,296)	44,589	302,060	136,531	438,591
<b>Operating Transfers:</b>						
Operating Transfers In	14,074	-	24,425	38,499	-	38,499
Operating Transfers Out	(252,003)	-	(10,933)	(262,936)	-	(262,936)
Operating Transfers In From Primary Government	-	-	-	-	7,246	7,246
Net Income (Loss)	21,838	(2,296)	58,081	77,623	143,777	221,400
<b>Add Items Affecting Contributed Capital:</b>						
Depreciation on Equipment Acquired through Capital Grants	-	-	-	-	122	122
Total Add Back Items	-	-	-	-	122	122

**Combined Statement of Revenues, Expenses, and  
Changes in Retained Earnings/Fund Balances  
All Proprietary Fund Types, Nonexpendable Trust Funds,  
and Discretely Presented Component Units**

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Proprietary Fund Types			Total Primary Government (Memorandum only)	Proprietary Fund Type Component Units	Total Reporting Entity (Memorandum only)
	Enterprise	Internal Service	Fiduciary Fund Type Nonexpendable Trust			
<b>Operating Revenues:</b>						
Retained Earnings/Fund Balances-July 1(as restated)	177,074	42,048	504,171	723,293	683,318	1,406,611
Retained Earnings/Fund Balances - June 30	\$198,912	\$39,752	\$562,252	\$800,916	\$827,217	\$1,628,133

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# State of Connecticut

## Combined Statement of Cash Flows All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Units

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government	Proprietary Fund Type	Total Reporting Entity
	Enterprise	Service	Trust	only)	Component (Memorandum Units	only)
<b>Cash Flows From Operating Activities:</b>						
Operating Income (Loss)	\$250,128	\$(2,296)	\$44,589	\$292,421	\$(6,971)	\$285,450
Adjustments to Reconcile Operating Income (Loss) to Net Cash						
Provided by (Used in) Operating Activities:						
Amortization and Depreciation	16,028	21,566	-	37,594	22,799	60,393
Provision for Loan Losses	2,261	0	-	2,261	8,158	10,419
Investment Income	-	(264)	(29,274)	(29,538)	-	(29,538)
Interest Expense	4,588	0	28,294	32,882	197,948	230,830
Changes in Assets and Liabilities:						
(Increase) Decrease in Receivables	6,150	(2,776)	(15,230)	(11,856)	14,285	2,429
(Increase) Decrease in Due From Other Funds	(82)	(233)	-	(315)	(554)	(869)
(Increase) Decrease in Receivable From Other Governments	(636)	0	-	(636)	-	(636)
(Increase) Decrease in Inventories and Prepaid Expenses	(656)	(1,053)	-	(1,709)	(541)	(2,250)
Increase (Decrease) in Accounts Payable and Accrued						
Liabilities	14,318	6,082	(1,401)	18,999	2,133	21,132
Increase (Decrease) in Due To Other Funds	11,264	122	-	11,386	-	11,386
Issuance of Loans, Notes & Installment Contracts Receivable	-	-	(27,471)	(27,471)	(431,410)	(458,881)
Collection of Loans, Notes & Installment Contracts Receivable	2,209	-	-	2,209	306,687	308,896
Miscellaneous Operating Activities	459	(1,847)	-	(1,388)	68,961	67,573
Net Cash Provided by (Used in) Operating Activities	306,031	19,301	(493)	324,839	181,495	506,334
<b>Cash Flows From Noncapital Financing Activities:</b>						
Contributed Capital	-	-	-	-	26,307	26,307
Proceeds From Sale of Bonds and Notes	-	-	101,667	101,667	526,581	628,248
Retirement of Bonds and Notes Payable	(46,800)	-	(24,915)	(71,715)	(202,650)	(274,365)
Interest on Bonds and Notes Payable	(43,314)	-	(27,668)	(70,982)	(198,074)	(269,056)
Transfers From Other Funds	14,074	-	24,425	38,499	-	38,499
Transfers To Other Funds	(252,003)	-	(10,933)	(262,936)	-	(262,936)
Bond Issuance and/or Redemption Costs	-	-	-	-	(3,467)	(3,467)
Miscellaneous Noncapital Financing Activities- Additions	-	-	-	-	-	-
Miscellaneous Noncapital Financing Activities- Deletions	-	-	-	-	(532,094)	(532,094)
Net Cash Provided by (Used in) Noncapital Financing Activities	(328,043)	-	62,576	(265,467)	(383,397)	(648,864)
<b>Cash Flows From Capital And Related Financing Activities:</b>						

# **Combined Statement of Cash Flows** **All Proprietary Fund Types, Nonexpendable Trust Funds, and** **Discretely Presented Component Units**

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government	Proprietary Fund Type	Total Reporting Entity
	Enterprise Service		Trust	Nonexpendable (Memorandum only)	Component Units	(Memorandum only)
<b>Cash Flows From Operating Activities:</b>						
Purchase of Fixed Assets	(56,600)	(24,562)	-	(81,162)	(53,176)	(134,338)
Proceeds From Sale of Bonds and Notes	213,180	-	-	213,180	23,084	236,264
Retirement of Bonds and Notes Payable	(6,785)	-	-	(6,785)	(29,443)	(36,228)
Interest on Bonds and Notes Payable	(8,637)	-	-	(8,637)	(15,542)	(24,179)
Capital Contributions or Grants	4,098	-	-	4,098	-	4,098
Miscellaneous Capital and Related Financing Activities-Additions	-	-	-	-	58	58
Miscellaneous Capital and Related Financing Activities-Deletions	(21)	-	-	(21)	(3,739)	(3,760)
Net Cash Provided by (Used in) Capital and Related Financing Activities	145,235	(24,562)	-	120,673	(78,758)	41,915
<b>Cash Flows From Investing Activities:</b>						
Proceeds From Sales of Investment Securities	52,932	-	-	52,932	575,592	628,524
Purchase of Investment Securities	(234,381)	-	(93,755)	(328,136)	(433,147)	(761,283)
Interest and Income on Investments	46,315	264	29,072	75,651	88,760	164,411
Miscellaneous Capital and Related Investing Activities-net	-	-	-	-	6,931	6,931
Net Cash Provided by (Used in) Investing Activities	(135,134)	264	(64,683)	(199,553)	238,136	38,583
Increase (Decrease) in Cash	(11,911)	(4,997)	(2,600)	(19,508)	(42,524)	(62,032)
Cash and Cash Equivalents - July 1 (as restated)	168,803	20,429	8,769	198,001	453,648	651,649
Cash and Cash Equivalents - June 30	\$156,892	15,432	\$6,169	\$178,493	\$411,124	\$589,617
	-		-	-	-	-
Reconciliation of Cash and Cash Equivalents to Balance Sheet:						
Cash and Cash Equivalents - June 30 (Balance Sheet)	\$68,522		\$240,106		\$284,450	
Plus-Cash and Cash Equivalents in Restricted Assets	88,370		-		126,674	
Less-Cash and Cash Equivalents in Other Fiduciary Fund Types	-		233,937		-	
Cash and Cash Equivalents - June 30	\$156,892	-	\$6,169		\$411,124	

The accompanying notes are an integral part of the financial statements.

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# State of Connecticut

## Statement of Changes in Net Assets Pension Trust Funds and Investment Trust Fund

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Pension Trust			Pension Trust				
	State	State		Conne-		State's	External	
	Employ-	Teach-	Judicial	ticut	Probate	Attorn-	Invest-	Total
	ees	ers		Muni-	Judges	ey's'/	ment	
				cipal		Public	Pool	
				Employ-		Defend-		
				ees		er		
<b>Additions:</b>								
Contributions:								
Plan Participants	\$46,089	\$169,420	\$1,148	\$9,996	\$235	\$37	\$-	\$226,925
State	375,623	214,666	9,837	-	-	-	-	600,126
Municipalities	-	3,215	-	15,527	-	-	-	18,742
Total Contributions	421,712	387,301	10,985	25,523	235	37	-	845,793
Investment Income	(242,954)	(346,516)	(3,167)	(38,682)	(1,790)	(13)	98,914	(534,208)
Less: Investment Expenses	(60,163)	(85,951)	(783)	(9,570)	(444)	(4)	(459)	(157,374)
Net Investment Income	(303,117)	(432,467)	(3,950)	(48,252)	(2,234)	(17)	98,455	(691,582)
Pool's Share Transactions	-	-	-	-	-	-	329,500	329,500
Operating Transfers In	-	-	-	-	991	-	-	991
Miscellaneous	376	-	-	-	-	5	-	381
Total Additions	118,971	(45,166)	7,035	(22,729)	(1,008)	25	427,955	485,083
<b>Deductions:</b>								
Administrative	340	-	7	7	4	-	-	358
Benefit Payments and Refunds	619,174	697,103	12,499	53,915	2,060	186	-	1,384,937
Distributions to Pool Participants	-	-	-	-	-	-	98,455	98,455
Other Program Expenses	-	-	-	-	1,009	-	-	1,009
Total Deductions	619,514	697,103	12,506	53,922	3,073	186	98,455	1,484,759
Net Increase (Decrease) in Net Assets	(500,543)	(742,269)	(5,471)	(76,651)	(4,081)	(161)	329,500	(999,676)
Net assets held in trust for pension benefits and pool participants:								
July 1, 2000	8,291,647	11,949,355	141,243	1,377,000	70,785	968	1,084,580	22,915,578
June 30, 2001	\$7,791,104	\$11,207,086	\$135,772	\$1,300,349	\$66,704	\$807	\$1,414,080	\$21,915,902

The accompanying notes are an integral part of the financial statements.

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# State of Connecticut

## Combined Statement of Changes in Fund Balances Higher Education Funds

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Current Funds		Endowment and Similar Funds	Loan Funds	Plant Funds	Affiliated Organization	Total
	Unrestricted	Restricted					
<b>Revenues and Other Additions:</b>							
Current Funds Revenues and Additions	\$702,083	\$192,314	\$-	\$-	\$-	\$-	\$894,397
Federal Grants and Contracts	-	\$-	-	-	-	-	-
State Grants and Contracts	-	\$-	-	-	-	-	-
Private Gifts and Grants	-	-	154	176	1,250	-	1,580
Investment Earnings	-	-	(1,064)	276	10,104	-	9,316
Interest on Loans Receivable	-	-	-	489	-	-	489
Expended for Plant Facilities	-	-	-	-	326,037	-	326,037
Retirement of Indebtedness	-	-	-	-	9,526	-	9,526
Sale of Bonds	-	-	-	-	100,000	-	100,000
Foundation Revenues	-	-	-	-	-	15,096	15,096
Miscellaneous	-	-	3	369	19,565	-	19,937
Total Revenues and Other Additions	702,083	192,314	(907)	1,310	466,482	15,096	1,376,378
<b>Expenditures and Other Deductions:</b>							
Education and General	1,095,707	176,054	-	-	-	-	1,271,761
Auxiliary Enterprises	124,213	3	-	-	-	-	124,216
Patient Care	147,201	1,823	-	-	-	-	149,024
Indirect Costs Recovered	-	18,241	-	-	-	-	18,241
Loan Cancellations and Write-offs	-	-	-	61	-	-	61
Interest on Indebtedness	-	-	-	-	15,736	-	15,736
Capital Expenditures	-	-	-	-	291,441	-	291,441
Disposal of Plant Facilities	-	-	-	-	6,769	-	6,769
Depreciation	-	-	-	-	52,577	-	52,577
Administrative Costs	-	-	-	260	220	-	480
Retirement of Indebtedness	-	-	-	-	9,526	-	9,526
Foundation Expenditures	-	-	-	-	-	16,021	16,021
Other	4,109	300	115	536	6,692	-	11,752
Total Expenditures and Other Deductions	1,371,230	196,421	115	857	382,961	16,021	1,967,605
<b>Transfers Among Funds - Additions (Deductions)</b>							
<b>Manadatory:</b>							
Retirement of Indebtedness	(14,275)	-	-	-	14,275	-	-
<b>Nonmandatory:</b>							
Transfer From Foundation	10,687	2,662	-	-	1,641	3,352	18,342
Transfer To Foundation	(3,352)	-	-	-	-	(14,990)	(18,342)
Other	(7,628)	292	72	430	6,834	-	-
Total Transfers Among Funds	(14,568)	2,954	72	430	22,750	(11,638)	-
Operating Transfers from the State's							



## Combined Statement of Changes in Fund Balances

### Higher Education Funds

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Current Funds		Endowment and Similar Funds	Loan Funds	Plant Funds	Affiliated Organization	Total
	Unrestricted	Restricted					
<b>Revenues and Other Additions:</b>							
Governmental Funds	677,797	-	-	-	80,106	-	757,903
Change in Accounting for Compensated Absences	-	-	-	-	-	-	-
Net Increase (Decrease) in Fund Balances	(5,918)	(1,153)	(950)	883	186,377	(12,563)	166,676
Fund Balances (deficit) - July 1 (as restated)	82,133	35,348	9,100	34,297	2,018,346	249,392	2,428,616
Fund Balances (deficit) - June 30	\$76,215	\$34,195	\$8,150	\$35,180	\$2,204,723	\$236,829	\$2,595,292

The accompanying notes are an integral part of the financial statements.

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# State of Connecticut

## Combined Statement of Revenues, Expenditures, and Other Changes Higher Education Funds

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Current Funds		Total
	Unrestricted	Restricted	
<b>Revenues and Transfers from Foundation:</b>			
Student Tuition and Fees	\$309,138	\$-	\$309,138
Federal Grants and Contracts	25,423	118,615	144,038
State Grants and Contracts	21,091	26,816	47,907
Private Gifts and Grants	3,492	24,830	28,322
Patient Service	120,801	-	120,801
Sales and Services	189,137	-	189,137
Investment Earnings	15,829	1,136	16,965
Miscellaneous	17,172	1,119	18,291
Total Revenues	702,083	172,516	874,599
Transfer from Foundation	10,687	2,662	13,349
Total Revenues and Transfer from Foundation	712,770	175,178	887,948
Expenditures and Mandatory Transfers:			
Education and General:			
Instruction	\$470,176	\$9,308	\$479,484
Research	16,086	92,303	108,389
Public Service	25,074	8,199	33,273
Academic Support	131,054	3,072	134,126
Student Services	97,122	2,547	99,669
Institutional Support	188,883	-	188,883
Scholarship and Fellowships	61,616	60,604	122,220
Plant Operations and Maintenance	105,696	21	105,717
Total Educational and General Expenditures	1,095,707	176,054	1,271,761
Patient Care	147,201	1,823	149,024
Auxiliary Enterprises	124,213	3	124,216
Other Self-Supporting Enterprises	4,109	-	4,109
Mandatory Transfers:			
Retirement of Indebtedness	14,275	-	14,275
Total Expenditures and Mandatory Transfers	1,385,505	177,880	1,563,385
Other Transfers - Additions (Deductions):			
Operating Transfers from the State's			
Governmental Funds	677,797	-	677,797
Transfer to Foundation	(3,352)	-	(3,352)
Other Non-mandatory Transfers	(7,628)	292	(7,336)
Excess of Restricted Receipts over Transfers			
to Revenues	-	1,557	1,557
Refunded to Grantors	-	(300)	(300)
Change in Accounting for Compensated Absences			

**Combined Statement of Revenues, Expenditures,  
and Other Changes  
Higher Education Funds**

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Current Funds		Total
	Unrestricted	Restricted	
<b>Revenues and Transfers from Foundation:</b>			
Total Other Transfers and Additions (Deductions)	666,817	1,549	668,366
Net Increase (Decrease) in Fund Balances	\$(5,918)	\$(1,153)	\$(7,071)

The accompanying notes are an integral part of the financial statements.

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# State of Connecticut

## Statement of Cash Flows

### Affiliated Organization

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

#### Cash Flows From Operating Activities:

Cash Flows From Operating Activities:

Change in Fund Balance	\$(12,563)
------------------------	------------

Adjustments to Reconcile Change in Fund Balance to Net Cash

Used in Operating Activities:

Receipts to Establish or Increase Permanent Endowments	(20,306)
--	----------

Net Realized and Unrealized Gains on Investments	31,935
--	--------

Gifts of Marketable Securities	(6,405)
--------------------------------	---------

Funds Held in Trust by Others	(2,434)
-------------------------------	---------

Loss on Sale of Donated Property and Collections	(1,294)
--	---------

Depreciation and Other	389
------------------------	-----

Increase in Cash Surrender Value of Life Insurance	-
--	---

Changes in Assets and Liabilities:	(9)
------------------------------------	-----

(Increase) in Pledges and Contributions Receivable, Net	(3,107)
---	---------

(Increase)/Decrease in Other Assets	1,362
-------------------------------------	-------

Increase in Accounts Payable and Accrued Expenses	457
---	-----

Increase in Trusts and Annuities Payable	(214)
--	-------

Total Adjustments	374
-------------------	-----

Net Cash Used in Operating Activities	(12,189)
---------------------------------------	----------

Cash Flows From Investing Activities:

Purchases of Investments	(91,702)
--------------------------	----------

Sales of Investments	82,733
----------------------	--------

Net proceeds from sale of Property and Equipment	1,154
--	-------

Purchases of Property and Equipment	(328)
-------------------------------------	-------

Net Cash Used in Investing Activities	(8,143)
---------------------------------------	---------

Cash Flows From Financing Activities:

Receipts to Establish or Increase Permanent Endowments	20,306
--	--------

Payments on Long Term Debt	(100)
----------------------------	-------

Increase in Deferred Bond Issuance Costs	-
--	---

Net Cash Used in Financing Activities	20,206
---------------------------------------	--------

Net Decrease in Cash and Cash Equivalents	(126)
---	-------

Cash and Cash Equivalents - July 1	1,801
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Cash and Cash Equivalents - June 1	\$1,675
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The accompanying notes are an integral part of the financial statements.

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# State of Connecticut

## Notes to the Financial Statements

June 30, 2001

### Note 1 Summary of Significant Accounting Policies

#### a. Basis of Presentation

The accompanying financial statements of the State of Connecticut have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB), except for the financial statements of the University of Connecticut Foundation, Incorporated (an affiliated organization). Those statements are prepared according to generally accepted accounting principles as prescribed in pronouncements of the Financial Accounting Standards Board.

#### b. Financial Reporting Entity

As required by generally accepted accounting principles, the accompanying financial statements include (1) all funds, agencies, boards, commissions, and account groups that comprise the State's legal entity, (2) legally separate organizations for which the State is financially accountable (component units), and (3) a legally separate organization for which the nature and significance of its relationship with the State is such that its exclusion would cause the State's financial statements to be misleading (affiliated organization). Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board, and (2) the State is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

#### *Component Units*

Component units are reported in the combined financial statements either in a separate column (discrete presentation) or in combination with similar funds of the State (blending presentation).

#### *Discretely Presented Component Units*

This column includes legally separate organizations for which the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's debt or provides significant funding for the organization's programs (applies only to the Connecticut Innovations, Incorporated and the Capital City Economic Development Authority). The financial data of the following organizations is included in this column:

#### *Connecticut Development Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond, Umbrella, and Insurance programs as well as other economic development programs.

#### *Connecticut Housing Finance Authority*

The Authority is a public instrumentality and political subdivision of the State. It was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2000.

#### *Connecticut Resources Recovery Authority*

The Authority is a public instrumentality and political subdivision of the State. It is responsible for implementing the State Solid Waste Management Plan by determining the location of and constructing solid waste management projects; owning, operating, and maintaining waste management projects; or making provisions for operation and maintenance by contracting with private industry.

***Connecticut Higher Education Supplemental Loan Authority***

The Authority is a public instrumentality and political sub-division of the State. It was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its Bond funds.

***Connecticut Health and Educational Facilities Authority***

The Authority is a public instrumentality and political subdivision of the State. The purpose of the Authority is to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

***Connecticut Innovations, Incorporated***

The Authority is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial and technical assistance.

***Capital City Economic Development Authority***

The Authority is a public instrumentality and political subdivision of the State. It was established in 1998 to stimulate new investment in Connecticut, to attract and service large conventions, tradeshow, exhibitions, conferences, and local consumer shows, exhibitions and events, to encourage the diversification of the state economy, to strengthen Hartford's role as the region's major business and industry employment center and seat of government, to encourage residential housing development in downtown Hartford, and to construct, operate, maintain and market a convention center project in Hartford.

Condensed financial information for the major component units is disclosed in Note 20. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

***Blended Component Unit***

The Connecticut Lottery Corporation was created in July 1996 as a public instrumentality and political subdivision of the State. The purposes of the Corporation are to manage the State's lottery in an entrepreneurial and business-like manner and to provide continuing and increased revenue to the people of the State through the lottery. The State appoints a voting majority of the Corporation's governing board, and the Corporation provides revenue to the State. In the combined financial statements, the Corporation is included in the Enterprise funds group (Primary Government).

***Affiliated Organization***

The University of Connecticut Foundation, Incorporated is a nongovernmental nonprofit corporation created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut.

The Foundation is not financially accountable to the University. However, the Foundation is included as a component unit because the nature and significance of its relationship to the University are such that exclusion would cause the University's financial statements to be misleading. The Foundation is reported in a separate column in the higher education funds group (Primary Government).

**c. Fund Accounting**

The financial activities of the State are accounted for in individual funds and account groups.

A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. In the financial statements, individual funds are classified in four fund categories and component units. The four fund categories are governmental funds, proprietary funds, fiduciary funds, and higher education funds.

Account groups are accounting entities used to account for the State's general fixed assets and long-term debt. These account groups are not funds because they do not reflect available financial resources and related liabilities. In the financial statements, the account groups are the general fixed asset account group and the general long-term debt account group.

Because the State of Connecticut has a significant number of legal funds, a functional basis combining presentation was chosen to facilitate the preparation and readability of the Comprehensive Annual Financial Report (CAFR). More detailed information on the legal funds can be found in the Annual Report of the Comptroller - a "modified cash" basis document also produced by the Office of the Comptroller.

Following is a description of the fund categories, account groups, and component units used in the accompanying financial statements.

### ***Governmental Funds***

**1. General Fund** - The General Fund is the general operating fund of the State. It is used to account for all financial resources which are not required to be accounted for in other funds and which are spent for those services normally provided by the State (e.g. health, social assistance, education, correction, etc.).

**2. Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, major capital projects, and higher education sources) that are legally restricted to expenditures for specified purposes. For example, motor fuel taxes levied to fund Department of Transportation costs.

**3. Debt Service Fund** - This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term bonds and notes.

**4. Capital Projects Funds** - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects (other than those financed by proprietary funds and higher education funds).

### ***Proprietary Funds***

**1. Enterprise Funds** - These funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**2. Internal Service Funds** - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governments, on a cost-reimbursement basis.

### ***Fiduciary Funds***

**Trust and Agency Funds** - These funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These funds include expendable trust funds, nonexpendable trust funds, pension trust funds, an investment trust fund, and agency funds.

### ***Account Groups***

**1. General Fixed Asset Account Group** - This account group includes all the fixed assets (excluding infrastructure) that are not accounted for in the proprietary and higher education funds.



**2. General Long-Term Debt Account Group** - This account group includes all long-term obligations that are to be financed from governmental funds. These long-term obligations include the following:

- Unmatured principal on general obligation and transportation related bonds and notes.
- Other non-current liabilities for capital leases, compensated absences, unfunded pension costs, workers' compensation claims, and claims and judgements.

### ***Higher Education Funds***

The financial activities of the State's higher education institutions (University of Connecticut, State Universities, and Community-Technical Colleges) and an affiliated organization are accounted for in these funds, which are reported in a separate column in the combined financial statements (Primary Government). The following fund categories and affiliated organization are included:

**1. Current Funds** - These funds are used to account for resources that will be expended in the near future for operating purposes. Included in the current fund category are unrestricted funds that the governing boards retain full control of, in achieving the institutions' purposes and restricted funds that may be utilized only in accordance with external restrictions.

**2. Endowment Funds** - These funds account for gifts that are restricted as to principal by the donor.

**3. Loan Funds** - These funds are used to account for loans to students and for resources available for such purposes.

**4. Plant Funds** - These funds account for resources that have been or will be used for institutional property acquisition, renewal, and replacement, and resources accumulated for the retirement of debt associated with institutional properties.

**5. Agency Funds** - These funds are funds held by an institution as custodian or fiscal agent for others such as student organizations, individual students, or faculty members.

**6. Affiliated Organization** - This column accounts for the financial activities of the University of Connecticut Foundation, Inc., a component unit of the University of Connecticut.

### ***Component Units***

The component units include proprietary type organizations that are legally separate from the State but that are considered part of the reporting entity.

### **d. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting, which are described as follows:

#### ***Governmental Funds and Expendable Trust Funds***

These funds are accounted for using a current financial resources measurement focus and a modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and liabilities are normally included on the balance sheet. Fund balance represents a measure of "available spendable resources." Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual (i.e. both measurable and available). The word "available" means that the revenue is collected within the current period or within 60 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt which are recorded as expenditures when due.

Major revenue sources that are treated as susceptible to accrual include sales and use taxes, personal income taxes, public service corporation taxes, special fuel taxes, federal grants, and casino gaming payments.

***Proprietary Funds, Nonexpendable Trust Funds, Pension Trust Funds, Investment Trust Fund, Component Units, and Affiliated Organization***

These funds are accounted for using a flow of economic resources measurement focus and an accrual basis of accounting. Under the flow of economic resources measurement focus, all assets and liabilities are included on the balance sheet. Fund equity (proprietary funds and component units) is segregated into contributed capital and retained earnings components. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

According to GASB Statement No. 20, these funds (except for the affiliated organization) must comply with all applicable GASB pronouncements and all applicable pronouncements issued by the Financial Accounting Standards Board (FASB) and its predecessors as follows (provided those pronouncements do not conflict with or contradict GASB pronouncements):

<b>Fund Type</b>	<b>FASB Statements Issued on or Prior to 11/30/89</b>	<b>FASB Statements Issued to Date</b>
Proprietary Funds:		
John Dempsey Hospital		X
Others	X	
Nonexpendable Trust Funds	X	
Pension Trust Funds	X	
Investment Trust Funds	X	
Component Units:		
CT Development Authority		X
CT Housing Finance Authority	X	
CT Resources Recovery Authority	X	
CT Higher Education Supplemental Loan Authority	X	
CT Health & Educational Facilities Authority		X
CT Innovations, Inc.	X	
Capital City, EDA	X	

***Agency Funds***

These funds are accounted for using a modified accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not measure nor report results of operations.

***Higher Education Funds***

These funds (excluding the affiliated organization) are accounted for using a current financial resources measurement focus and an accrual basis of accounting with the following exceptions:

- All assets and liabilities are included on the balance sheet.
- Depreciation expense related to plant fund fixed assets is not recorded, except for fixed assets reported by the University of Connecticut.
- Revenues and expenditures of an academic term covering more than one fiscal year are reported in the fiscal year in which the program is predominately conducted.

**e. Budgeting Process**

By statute, the Governor must submit the State budget to the General Assembly in February of every other year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next two fiscal years and sets forth revenue estimates for the same period for the following funds: the General Fund, the Transportation Fund, the Mashantucket Pequot Fund, the Workers' Compensation Administration Fund, the Banking Fund, the Consumer Counsel and Public Utility Control Fund, the Insurance Fund, the Criminal Injuries Fund, the Soldiers, Sailors, and Marines Fund and the Regional Market Operations Fund. Under the



State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary because the level of legal control is more detailed than reflected in the CAFR. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

The Governor has the power under Connecticut statute to modify budgetary allotment requests for the administration, operation and maintenance of a budgeted agency. However, the modification cannot exceed 3 percent of the fund or 5 percent of the appropriation amount. Modifications beyond those limits, but not in excess of 5 percent of the total funds, require the approval of the Finance Advisory Committee. The Finance Advisory Committee is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same political party, and three house members, not more than two of the same political party. Additional reductions of appropriations of more than 5 percent of the total appropriated fund can be made only with the approval of the General Assembly.

All funds, except fiduciary funds, use encumbrance accounting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditures of the fund are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end and, generally, all appropriations lapse at year-end except for certain continuing appropriations (continuing appropriations are defined as carry forwards of spending authority from one fiscal budget into a subsequent budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs. Carry forward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a "modified cash" basis of accounting under which revenues are recognized when received, except for certain taxes and Federal and other restricted grant revenues of the General and Transportation funds which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for all governmental funds for which a budget is legally adopted.

#### **f. Budgetary vs. GAAP Basis of Accounting**

The major differences between the budgetary (legal) and the GAAP (generally accepted accounting principles) basis of accounting are as follows:

1. Revenues are recorded when received in cash except for certain year-end accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis) (see Note 1d).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis) (see Note 1d).
3. For budgetary reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as reserved fund balance.

#### 4. Certain special revenue funds are not subject to legal budgets.

Because of the above differences, a reconciliation between the budgetary and GAAP basis is presented in Note 2.

### **g. Assets and Liabilities**

#### ***Cash and Cash Equivalents (see Note 4)***

In addition to petty cash and bank accounts, this account includes cash equivalents - short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents include investments in the Short-Term Investment Fund ("STIF") and the Tax Exempt Proceeds Fund, Inc. ("TEPF"). TEPF is a short-term, tax-exempt money market fund reported under the Investment Company Act of 1940. Investments in STIF and TEPF are reported at the fund's share price.

#### ***Investments (see Note 4)***

Equity in Combined Investment Funds is reported at fair value based on the funds' current share price.

The external investment pool is reported at amortized cost.

Other investments are reported at fair value, except for the following investments which are reported at cost or amortized cost:

- Nonparticipating interest-earning investment contracts.
- Money market investments that mature within one year or less at the date of their acquisition.

Fair value is determined based on quoted market prices except for:

- The fair value of State bonds held by the Clean Water Fund (a nonexpendable trust fund) which is estimated using matrix pricing.
- The fair value of equity and debt securities held by the Connecticut Innovations, Incorporated, a component unit. The fair value of these investments is determined by the Valuation Committee of the Corporation, after giving consideration to pertinent information about the companies comprising the investments, including but not limited to recent sales prices of the issuer's securities, sales growth, progress toward business goals, and other operating data.

The State invests in derivatives. STIF and the Combined Investment Funds hold these investments.

#### ***Inventories***

Inventories are reported at cost. Cost is determined by the first-in first-out (FIFO) method. Inventories in the governmental funds consist of expendable supplies held for consumption whose cost was recorded as an expenditure at the time the individual inventory items were purchased. Reported inventories in these funds are offset by a fund balance reserve to indicate that they are unavailable for appropriation.

#### ***Fixed Assets and Depreciation***

General fixed assets are reported at historical or estimated historical cost. Donated fixed assets are valued at estimated fair value on the date donated. Infrastructure assets (highways, bridges, etc.) are not capitalized. No depreciation is provided for general fixed assets. Fixed assets in the enterprise and internal service funds are reported at cost. Interest cost incurred during construction at Bradley International Airport is capitalized as part of the assets. Depreciation of these fixed assets is determined using the straight-line method and is based upon the assets' estimated useful lives.

Fixed assets in the higher education funds are reported at cost. No depreciation is recorded on these fixed assets, except for the University of Connecticut's fixed assets. Depreciation of these fixed assets is determined using the straight-line method and is based on the assets' estimated useful lives.



Fixed assets of the component units are reported at cost. Depreciation of these fixed assets is determined using the straight-line method and is based upon the assets' estimated useful lives.

### ***Food Stamps***

Food stamps distributed to recipients during the year are recognized as both an expenditure and a revenue in the operating statement.

### ***Securities Lending Transactions (see Note 4)***

Assets, liabilities, income, and expenses arising from securities lending transactions of the Combined Investment Funds are allocated ratably to the pension and nonexpendable trust funds based on their equity in the Combined Investment Funds.

### ***Deferred Revenues***

This liability account represents revenues considered measurable but not available during the current period. In subsequent periods, when the revenues become available, the liability for deferred revenues is removed from the balance sheet and revenue is recognized.

### ***Capital Appreciation Bonds***

Capital appreciation (deep-discount) bonds issued by the State, unlike most bonds, which pay interest semi-annually, do not pay interest until the maturity of the bonds. An investor who purchases a capital appreciation bond at its discounted price and holds it until maturity will receive an amount which equals the initial price plus an amount which has accrued over the life of the bond on a semiannual compounding basis. The net value of the bonds is accreted (the discount reduced), based on this semiannual compounding, over the life of the bonds. This deep-discount debt is reported in the general long-term debt account group at its net or accreted value rather than at face value.

### ***Other Long-term Obligations***

The portion of the net pension obligation, workers' compensation claims, capital leases, claims and judgements, and accumulated compensated absences that are expected to be liquidated with available expendable financial resources is reported as an expenditure and a fund liability of the governmental and expendable trust funds that will pay it. The remaining portion that is not expected to be liquidated with available expendable financial resources is reported in the general long-term debt account group. In the proprietary funds, higher education funds, and component units such obligations are recorded as fund liabilities.

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977, and managers regardless of date hired can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent to sixty days.

The State recognized a liability to the federal government for excess earnings received from investing certain bond proceeds (rebtable arbitrage). This liability is reported as a liability for claims and judgements.

## **h. Fund Equity**

### ***Contributed Capital***

The amount of permanent capital in the enterprise funds, internal service funds, and component units which is contributed by governments and others.

### ***Reserved Retained Earnings***

The portion of retained earnings in the enterprise funds and component units which is legally restricted for specific future use.

***Reserved Fund Balances***

The portion of fund balances in the governmental, fiduciary, and higher education funds which is legally reserved for a specific future use, or which is not available for appropriation or expenditure.

**i. Revenues, Expenditures, and Interfund Transactions*****Taxes***

Taxes are recognized as revenues in the period when the underlying exchange transaction has occurred and the resources are available. (see Note 1d).

***Licenses, Permits, and Fees***

These items are not susceptible to accrual and are recognized as revenues when the cash is collected.

***Intergovernmental***

Federal grants (and other aid) are recognized as revenues in the period when all applicable eligibility requirements imposed by the federal government have been met and the resources are available (see Note 1d).

***Casino Gaming Payments***

Casino gaming payments are recognized as revenues in the period when the underlying exchange transaction has occurred and the resources are available (see Note 1d).

***Interest Rate Swap Agreements***

The State has entered into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements (see Note 14).

***Interfund Transactions***

Interfund transactions are recorded as follows:

- (1) Transfers, which are from funds that are receiving revenues to funds in which the resources are to be expended, are classified as operating transfers.
- (2) Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the State are treated similarly by the funds of the State.
- (3) Reimbursements from one fund to another are treated as expenditures or expenses of the reimbursing fund and as a reduction of the expenditures or expenses of the reimbursed fund.
- (4) Non-recurring or non-routine transfers of equity between funds and capital contributions to proprietary funds are classified as equity transfers.

**j. Pension Trust Funds Transactions**

Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investment income and related expenses of the Combined Investment Funds (including securities lending transactions) are allocated ratably to these funds based on their equity in the Combined Investment Funds.

**k. External Investment Pool**

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its equity in the Short-Term Investment Fund (see Note 4). Pool income is determined based on distributions made to the pool's participants.

**l. Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

#### **m. Total Columns - Memorandum Only**

Total columns captioned "Memorandum Only" are presented only to facilitate financial analysis. Data in these columns do not present the financial position, the results of operations or cash flow in conformity with generally accepted accounting principles nor is such data comparable to a consolidation.

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# State of Connecticut

## Note 2 Budgetary Basis vs. GAAP

The following is a reconciliation of the excess (deficiency) of revenues and other sources over expenditures and other uses as accounted between the budgetary and GAAP basis of accounting (amounts in thousands):

Financial Statements Fund Types	General	Special Revenue
Excess (deficiency) of revenues and other sources over expenditures and other uses (Budgetary basis)	\$ 30,660	\$ 4,099
Adjustments:		
Increases (decreases) in revenue accruals:		
Receivables and Other Assets	(27,498)	4,884
(Increases) decreases in expenditure accruals:	-	
Accounts Payable and Other Liabilities	(23,357)	3,054
Salaries and Fringe Benefits Payable	(14,142)	(193)
Increases (decreases) in continuing appropriations	334,000	(17,457)
Reclass of fund balance adjustments to operating expenditures	(964)	(1,532)
Eliminate portion of prior year surplus	(265,474)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis) - budgeted funds	33,225	(7,145)
To record excess (deficiency) of revenues and other sources over expenditures and other uses for nonbudgeted funds	-	636
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	\$ 33,225	\$ (6,509)

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## Note 3 Fund Deficits

The following funds have deficit balances at June 30, 2001, none of which constitutes a violation of statutory provisions (amounts in thousands).

<b>Special Revenue</b>	
Consumer Counsel and Public Utility Control	\$ 960
<b>Enterprise</b>	
Other	\$ 963

The Consumer Counsel and Public Utility Control Fund deficit has been addressed by Public Act 93-402, subsequently modified by Public Act 99-1 (June special session), which among other things, requires any GAAP deficits for budgeted funds existing as of June 30, 2003 to be amortized in fifteen equal increments beginning with the annual budget for fiscal year 2004-2005.

## State of Connecticut

### Note 4 Cash Deposits and Investments

In this note, the State's deposits and investments are classified in categories of "custodial credit risk." This is the risk that the State will not be able to (a) recover deposits if the depository bank fails or (b) recover the value of investments or collateral securities that are in the custody of an outside party if the counterparty to the investment or deposit transaction fails. Classification in category 1 means that the exposure of deposits or investments to potential custodial credit risk is low. The level of potential custodial credit risk is higher for those deposits or investments classified in category 2 and highest for those in category 3.

#### Cash Deposits (amounts in million)

At June 30, 2001, the reported amount of the State's deposits was \$(130.7) for the Primary Government and \$9.2 for the Component Units. The corresponding bank balance for such deposits was \$126.2 for the Primary Government and \$12.3 for the Component Units. Of the bank balance for the Primary Government \$28.0 was insured by the Federal Deposit Insurance Corporation or held by the State's agent in the State's name (Category 1), and \$98.2 was uninsured and uncollateralized (Category 3). Of the bank balance for the Component Units, \$5.2 was insured by the Federal Deposit Insurance Corporation (Category 1), and \$7.1 was uninsured and uncollateralized (Category 3).

Category 3 deposits include some deposits that are collateralized as required by state statute. Under the statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. However, the collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

#### Investments

The State Treasurer is the chief fiscal officer of State government and is responsible for the prudent management and investment of monies of State funds and agencies as well as monies of pension and other trust funds. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. Currently, the State Treasurer manages one Short-Term Investment Fund ("STIF") and seven Combined Investment Funds (the "CIFS"), including one international investment fund.

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. STIF's investments are reported at amortized cost (which approximates fair value) and are disclosed in the investments schedules.

For financial reporting purposes, STIF is considered to be a mixed investment pool - a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State's financial reporting entity) is reported as an investment trust fund in the combined financial statements. The internal portion of STIF (i.e., the portion that belongs to participants that are part of the State's financial reporting entity) is not reported in the combined financial statements. Instead, each fund type's investment in the internal portion of STIF is reported as "cash equivalents" in the combined balance sheet.

The CIFS are open-ended, unitized portfolios in which the State pension and other trust funds are eligible to invest. The State pension and other trust funds own the units of the CIFS. The State Treasurer is also authorized to invest monies of the CIFS in common stock, commercial equity real estate, foreign companies stocks and bonds, commercial and residential mortgages, foreign governments' obligations, mortgage-backed securities, and venture capital partnerships. CIFS' investments are reported at fair value and are disclosed in the investments schedules.

For financial reporting purposes, the CIFS are considered to be internal investment pools and are not reported in the combined financial statements. Instead, each fund type's investment in the CIFS is reported as "equity in combined investment funds" in the combined balance sheet.

Complete financial information about STIF and the CIFS can be obtained from financial statements issued by the State Treasurer.

The following investments schedules disclose the reported amount and fair value of the State's investment in total and by investment type as of June 30, 2001. Further, the reported amounts of these investments are classified according to the following categories of custodial credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

The CIFS account for the purchase and sale of investments using "trade date" accounting - investments are increased or decreased on the date the purchase or sales order is made although the investments are not received or delivered until a later date (settlement date). Thus, CIFS' investments schedule was prepared taking into account unsettled sales and purchases of investments. This means that investments under unsettled sales are included in the schedule, because the investments are still subject to custodial credit risk that could result in losses prior to settlement. Conversely, investments under unsettled purchases are excluded from the schedule, because the investments are still in the hands of the dealers.A

**Investments-Primary Government  
Short-Term Investment Fund  
(amounts in thousands)**

Investment Type	Reported Amount Category 1	Fair Value
Certificates of Deposit-Negotiable	\$ 400,002	\$ 400,002
Commercial Paper	3,254,336	3,255,571
Corporate Notes	242,681	242,681
Bankers' Acceptances	9,840	9,840
Bank Notes	409,707	410,111
Federal Agency Securities	241,931	242,334
Total Investments	<b>\$ 4,558,497</b>	<b>\$ 4,560,539</b>

**Investments-Primary Government  
Combined Investment Funds  
(amounts in thousands)**

Investment Type	Reported Amount (Fair Value)		
	Category 1	Category 3	Total
Certificates of Deposit-Negotiable	\$ -	\$ 15,004	\$ 15,004
Asset Backed Securities	661,460	-	661,460
U.S. Government and Agency Securities:			-
Not on Securities Loan	1,617,090	-	1,617,090
On Securities Loan for Securities or			
Letter of Credit Collateral	-	48,250	48,250
Mortgage Backed Securities	663,290	-	663,290
Corporate Debt	2,990,531	1,303,255	4,293,786
Convertible Securities	239,576	-	239,576
U. S. Corporate Stock:			-
Not on Securities Loan	7,758,085	-	7,758,085



On Securities Loan for Securities or Letter of Credit Collateral	-	55,193	55,193
International Equity Securities:			
Not on Securities Loan	1,746,200	-	1,746,200
On Securities Loan for Securities or Letter of Credit Collateral	-	5,226	5,226
Short-term Investments	-	165,519	165,519
Preferred Stock	117,574	-	117,574
	<b>\$ 15,793,806</b>	<b>\$ 1,592,447</b>	<b>\$ 17,386,253</b>

Investments not categorized  
because they are not evidenced by securities  
that exist in physical or book entry form.

Real Estate Investment Trusts		55,179
Mutual Funds		54,701
Limited Liability Corporations		65,908
Trusts		55,147
Limited Partnerships		2,898,994
Annuities		14,895
Securities Held by Brokers-Dealers under Sec. Loans for Cash Collateral:		
U.S. Government and Agency Securities		541,764
U. S. Corporate Stock		209,794
International Equity Securities		527,311
Domestic Fixed Securities		151,423
International Fixed Securities		5,205
		<b>\$ 21,966,574</b>

The pension trust funds own approximately 100 percent of the investments that are  
in categories 1 and 3.

**Investments-Primary Government  
Other  
(amounts in thousands)**

Investment Type	Reported Amount			Total	Fair Value
	Category 1	Category 2	Category 3		
Collateralized Investment Agreements	\$ 451,032	\$ 33,579	\$ -	\$ 484,611	\$ 484,611
State/Municipal Bonds	215,393	-	-	215,393	215,393
U.S. Government & Agency Securities	384,896	154	-	385,050	385,050
Repurchase Agreements	5,683	801	-	6,484	6,484
Common Stock	33,451	1,060	2,002	36,513	36,513
Corporate Bonds	11,274	21,857	-	33,131	33,131
Other	81,201	-	1,035	82,236	82,236
	<b>\$ 1,182,930</b>	<b>\$ 57,451</b>	<b>\$ 3,037</b>	<b>\$ 1,243,418</b>	<b>\$ 1,243,418</b>

Investments not categorized because they are not evidenced  
by securities that exist in physical or book entry form:

Annuity Contracts	511,215	511,215
Mutual Funds	115,481	115,481
Guaranteed Investment Contracts	16,679	16,679
Tax Exempt Proceeds Fund	114,591	114,591
Other	14,048	14,048
Total Investments	<b>\$ 2,015,432</b>	<b>\$ 2,015,432</b>

The Special Assessment fund owns approximately 60 percent of the investments that are in Category No. 2.



**Investments-Component Units**  
(amounts in thousands)

Investment Type	Reported Amount			Total	Fair Value
	Category 1	Category 2	Category 3		
U.S. Government & Agency Securities	\$ 221,852	\$ 8,696	\$ 8,444	\$ 238,992	\$ 238,721
Common Stock	135,973	-	-	135,973	135,973
Repurchase Agreements	43,408	-	-	43,408	43,408
Collateralized Investment Agreements	2,441	-	26,160	28,601	28,601
Mortgage Backed Securities	330,555	-	-	330,555	330,555
Corporate Bonds	38,333	-	-	38,333	38,333
Other	66,155	-	9,591	75,746	75,746
	<b>\$ 838,717</b>	<b>\$ 8,696</b>	<b>\$ 44,195</b>	<b>891,608</b>	<b>891,337</b>

Investments not categorized because they are not evidenced by securities that exist in physical or book entry form:

Guaranteed Investment Contracts	137,217	137,217
Fidelity Funds	117,922	117,922
Limited Partnerships	5,238	5,238
Other	36,146	36,146
<b>Total Investments</b>	<b>\$ 1,188,131</b>	<b>\$ 1,187,860</b>

CHFA owns approximately 80 percent and CHESLA owns approximately 75 percent of the investments that are in categories 1 and 3, respectively.

### ***Derivatives***

GASB Technical Bulletin Number 94-1 defines derivatives as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. According to this definition, the following State's investments or contracts are considered to be derivatives:

- Short-Term Investment Fund - Adjustable-rate federal agency and bank notes whose interest rates vary directly with short-term money market indices and are reset daily, weekly, monthly, quarterly, or semi-annually.
- Combined Investment Funds - Adjustable-rate securities, asset backed securities, indexed Treasury securities, option contracts, mortgage backed securities (including interest-only strips), and foreign exchange contracts.

The State invests in derivatives to enhance investment returns or as in the case of foreign exchange contracts to facilitate trade settlements and to serve as foreign currency hedges.

The Mutual Fixed Income Fund (a Combined Investment Fund) invests in mortgage backed securities (MBSs), asset backed securities (ABSs), and interest-only strips. MBSs and ABSs are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgages or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2001, the fund held MBSs of \$608 million and ABSs of \$192 million.

Interest-only strips (IOs) are a specialized type of mortgage backed securities. The cash flow on these investments is derived from the interest payments on the underlying mortgage loans. Prepayments on underlying loans curtail these interest payments, reducing the value of the IOs and, as such, these instruments are extremely sensitive to changes in interest rates, which encourage or discourage such prepayments. As of June 30, 2001, the

IOs had a value of \$7.4 million.

From time to time, the International Stock, Mutual Fixed Income, and Private Investment Funds (Combined Investment Funds) utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the funds currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the funds' investments against currency fluctuations. Losses may arise from changes in the value of foreign currencies or failure of the counterparties to perform under the contracts' terms. As of June 30, 2001, the International Stock Fund reported an unrealized gain of \$32 million from open forward currency contracts.

### ***Security Lending Transactions***

Certain of the Combined Investment Funds are permitted by State statute to lend its securities through a lending agent to authorized broker-dealers and banks for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

During the year, the funds' lending agent lent securities similar to the types on loan at year-end and received cash (United States and foreign currency), U.S. Government securities, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. The funds' lending agent did not have the ability to pledge or sell collateral securities delivered absent borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102 percent of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105 percent of the market value of the loaned securities. In the event any borrower fails to return the loaned securities or pay distributions thereon, the funds' lending agent is contractually obligated to purchase replacement securities, or return the cash collateral. At year-end, the funds had no credit exposure to the borrowers, because the amounts the funds owed the borrowers exceeded the amounts the borrowers owed the funds.

All securities loans can be terminated on demand by either the funds or the borrowers. Cash collateral is invested by the funds' lending agent, and the average duration of the investments can not exceed (a) 120 days or (b) the average duration of the loans by more than 45 days. At year-end, the average duration of the collateral investments was 38 days; the average duration of the loans was unknown, although it is assumed to remain at one day.

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## Note 5 Loans

Loans receivable for the primary government and its component units, as of June 30, 2001, consisted of the following (amounts in thousands):

	Primary Government						Component
	General	Special Revenue	Enterprise	Trust and Agency	Higher Education		Units
Mortgage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,034,055
Industrial	-	-	-	-	-	-	139,950
Housing	-	135,303	82,693	-	-	-	-
Clean Water	-	49,866	-	572,630	-	-	-
Education	-	-	-	-	30,719	-	92,143
Other	1,636	128,515	-	18,839	-	-	-
Less Allowance for Losses	-	-	2,687	-	-	-	57,652
Loans Receivable Net	\$ 1,636	\$ 313,684	\$ 80,006	\$ 591,469	\$ 30,719		\$ 3,208,496

The mortgage loan program consists of home, multi-family, and construction loan mortgages made by the Connecticut Housing Finance Authority. Most home loans are insured by the Federal Housing Administration or guaranteed by the Veterans Administration. In addition, some home and multi-family loans are insured or guaranteed by private insurers. Permanent loans earn interest at rates ranging from 0 percent to 13.5 percent and have initial terms of 10 to 40 years. Construction loans earn interest at rates ranging from 0 percent to 9.0 percent. Upon completion of each development, the related permanent mortgage loan, which will generally be provided by the Authority, will be payable over 30 to 40 years at annual interest rates ranging from 0 percent to 9.0 percent.

The Clean Water fund loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20 year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both.

The industrial loan program consists of loans made by the Connecticut Development Authority to finance the purchase of land, buildings, and equipment by qualified applicants and to finance other economic development programs of the Authority. These loans are collateralized by assets acquired from the proceeds of the related loans and have originating terms of 1 to 25 years and earn interest at rates ranging from 3 percent to 12 percent. As of June 30, 2001, loans in the amount of \$28.3 million (including loans of \$6.9 million made by other lending institutions) were insured by an insurance fund created by the Authority and by the faith and credit pledged by the State. This insurance fund had net assets of \$8.2 million at year-end. Thus, the State is contingently liable in the event of any defaulted loans that could not be paid out of the assets of the insurance fund.

# State of Connecticut

## Note 6 Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2001 (amounts in thousands):

	Funds	
	General	Special Revenue
Sales and Use	\$603,044	\$ -
Income Taxes	161,899	-
Corporations	32,356	-
Gasoline and Special Fuel	-	37,885
Various Other	109,391	-
Less:		
Allowance for Uncollectibles	(15,519)	(26)
Taxes Receivable	<b>\$891,171</b>	<b>\$ 37,859</b>

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## Note 7 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2001, restricted assets for the primary government and its component units were comprised of the following (amounts in thousands):

	Primary Government							Component Units				
				Trust and Agency Clean Water Fund	Drinking Water Fund	Connecticut Development Authority	Connecticut		Connecticut		Total Component Units	
	Enterprise		Connecticut Finance Authority (12-31-00)				Connecticut Resources Recovery Authority	Connecticut Higher Education Supplemental Loan Authority	Connecticut Health & Educational Facilities Authority			
	Debt	Bradley Int'l Airport										
	John Dempsey Hospital	Other										
	Service	Airport										
Cash & Cash Equivalents	\$278,650	\$ 76,708	\$ 9,804	\$ 1,858	\$ -	\$ -	\$ 21,477	\$ -	\$ 102,826	\$ -	\$ 2,371	\$ 126,674
Investments	276,166	195,841	1,028	16,678	462,140	43,712	29,663	334,597	-	9,076	260,386	633,722
Interest Receivable	7,315	863	-	-	-	-	-	1,766	587	-	620	2,973
Other	-	2,540	-	-	-	-	-	-	-	-	3,964	3,964
Total	\$ 562,131	\$ 275,952	\$10,832	\$ 18,536	\$ 462,140	\$43,712	\$ 51,140	\$ 336,363	\$ 103,413	\$ 9,076	\$ 267,341	\$ 767,333

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## Note 8 Property, Plant, and Equipment

(1) A summary of changes in general fixed assets is as follows (amounts in thousands):

	<b>Restated Balance 7/1/00</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 6/30/01</b>
Land	\$ 371,484	\$ 19,940	\$ 1,683	\$ 389,741
Buildings	2,062,263	58,084	25,060	2,095,287
Improvements Other Than Buildings	243,236	35,892	583	278,545
Machinery & Equipment	1,253,910	112,223	261,917	1,104,216
Construction in Progress	278,935	157,464	243,307	193,092
Total	\$ 4,209,828	\$ 383,603	\$ 532,550	\$ 4,060,881

(2) Property, plant, and equipment for the primary government and its component units consisted of the following as of June 30, 2001 (amounts in thousands)

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Enterprise</b>	<b>Internal Service</b>	<b>Higher Education</b>	
Land	\$ 2,840	\$ -	\$ 39,047	\$ 24,833
Buildings	189,065	-	1,638,016	188,314
Improvements other than Buildings	141,542	95	153,882	236
Machinery & Equipment	56,198	161,648	658,703	224,538
Construction in Progress	33,930	-	214,822	10,314
Subtotal	423,575	161,743	2,704,470	448,235
Less: Accumulated Depreciation	173,618	111,535	459,446	187,294
Total	\$ 249,957	\$ 50,208	\$ 2,245,024	\$ 260,941

The following estimated useful lives are used to compute depreciation: Buildings 10-60 years; Land Improvements 2-50 years; Machinery and Equipment 2-21 years.

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# State of Connecticut

## Note 9 State Retirement Systems

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS) -consisting of Tier I (contributory), Tier II (noncontributory) and Tier IIA (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS).

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees Retirement Division administers SERS and JRS. The Teachers' Retirement Board administers TRS. None of the above mentioned systems issue stand-alone financial reports.

### Plan Descriptions, Funding Policy, and Annual Pension Cost and Net Pension Obligation

Membership of each plan consisted of the following at the date of the latest actuarial evaluation:

	SERS 6/30/00	TRS 6/30/00	JRS 6/30/00
Retirees and beneficiaries receiving benefits	32,101	20,724	199
Terminated plan members entitled to but not yet receiving benefits	1,137	-	1
Active plan members	54,616	46,553	209
Total	87,854	67,277	409

### State Employees' Retirement System

#### Plan Description

SERS is a single-employer defined-benefit pension plan covering substantially all of the State full-time employees who are not eligible for another State sponsored retirement plan. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and the State, and other plan provisions are described in Sections 5-152 to 5-192 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

#### Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Tier I Plan B and Hazardous Duty members are required to contribute 2 percent and 4 percent respectively, of their salary up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier IIA members are required to contribute 2 percent and hazardous duty members are required to contribute 5 percent. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

### Teachers Retirement System

#### Plan Description

TRS is a single-employer defined-benefit pension plan covering any teacher, principal, superintendent or supervisor engaged in service of public schools in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183pp of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

***Funding Policy***

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. For fiscal year 2001, the annual required contribution (ARC) was \$252.5 million; however, the State contributed \$214.7 million to the plan, reflecting a reduction of \$37.8 million by the legislature to the State's TRS appropriation. Administrative costs of the plan are funded by the State.

**Judicial Retirement System*****Plan Description***

JRS is a single-employer defined-benefit pension plan covering any appointed judge or compensation commissioner in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 51-49 to 51-51 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

***Funding Policy***

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

***Annual Pension Cost, Net Pension Obligation, and Related Information***

The State's annual pension cost and net pension obligation to SERS, TRS, and JRS for the current year were as follows (amounts in thousands):

	<b>SERS</b>	<b>TRS</b>	<b>JRS</b>
Annual required contribution	\$ 375,623	\$ 252,548	\$ 9,837
Interest on net pension obligation	160,640	83,867	3
Adjustment to annual required contribution	(96,946)	(49,888)	(1)
Annual pension cost	439,317	286,527	9,839
Contributions made	375,623	214,666	9,837
Increase (decrease) in net pension obligation	63,694	71,861	2
Net pension obligation beginning of year	1,889,886	985,967	37
Net pension obligation end of year	<b>\$ 1,953,580</b>	<b>\$ 1,057,828</b>	<b>\$ 39</b>

Three-year trend information is as follows (amounts in thousands):

	<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
SERS	1999	\$ 389,508	81.0%	\$ 1,826,719
	2000	405,927	84.4%	1,889,886
	2001	439,317	85.5%	1,953,580
TRS	1999	\$ 251,960	74.7%	\$ 921,555
	2000	268,857	76.0%	985,967
	2001	286,527	74.9%	1,057,828

JRS	1999	\$ 9,284	100%	\$ 35
	2000	9,326	100%	37
	2001	9,839	100%	39

### Defined Contribution Plan

The State also sponsors the Connecticut Alternate Retirement Program (CARP), a defined contribution plan. CARP is administered by the State Comptroller's Retirement Office under the direction of the Connecticut State Employees Retirement Division. Plan provisions, including contribution requirements of plan members and the State, are described in Section 5-156 of the General Statutes.

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$18.4 million and \$29.5 million, respectively.

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# State of Connecticut

## Note 10 Other Retirement Systems Administered by the State of Connecticut

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (CMERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). Although these retirement systems are included as pension trust funds in the State's financial statements, the State makes no contribution and has no financial liability other than a fiduciary responsibility.

### *Plan Descriptions and Contribution Information*

Membership of each plan consisted of the following at the date of the latest actuarial valuation:

	CMERS 6/30/00	CPJERS 12/31/00
Retirees and beneficiaries receiving benefits	4,446	229
Terminated plan members entitled to but not receiving benefits	150	26
Active plan members	7,980	367
Total	12,576	622
Number of participating employers	160	1

### Connecticut Municipal Employees' Retirement System

#### *Plan Description*

CMERS is a cost-sharing multiple-employer defined benefit pension plan that covers fire, police, and other personnel (except teachers) of participating municipalities in the State. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and participating municipalities, and other plan provisions are described in Chapters 7-425 to 7-451 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

#### *Contributions*

Plan members are required to contribute 2.25 percent to 5.0 percent of their annual salary. Participating municipalities are required to contribute at an actuarial determined rate. The participating municipalities fund administrative costs of the plan.

### Connecticut Probate Judges and Employees' Retirement System

#### *Plan Description*

CPJERS is a single-employer defined benefit pension plan that covers judges and employees of probate courts in the State. Plan benefits, cost-of-living adjustments, required contributions of plan members and the probate court system, and other plan provisions are described in Chapters 45a-34 to 45a-56 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

#### *Contributions*

Plan members are required to contribute 1.0 percent to 3.75 percent of their annual salary. The probate court system is required to contribute at an actuarial determined rate. Administrative costs of the plan are funded by the probate court system.

# State of Connecticut

## Note 11 Postemployment Benefits

In addition to the pension benefits described in Note 9, the State provides postretirement health care and life insurance benefits, in accordance with State statutes, Sections 5-257(d) and 5-259(a), to all employees who retire from the State.

As of June 30, 2000, 32,101 retirees of the State Employees Retirement System meet those eligibility requirements. When employees retire, the State may pay up to 100 percent of their health care insurance premium cost (including dependent's coverage) based on the plan chosen by the employee. In addition, the State pays 100 percent of the premium cost for a portion of the employees' life insurance, continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree has with the State at time of retirement as follows: (a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than \$7,500; (b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest \$100. The State finances the cost of postretirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund. During the year ended June 30, 2001, \$174 million was paid in postretirement benefits.

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# State of Connecticut

## Note 12 Capital and Operating Leases

### a. State as Lessor

The State leases building space, land, and equipment to private individuals. The minimum future lease revenues for the next five years and thereafter are as follows (amounts in thousands):

2002	\$ 30,534
2003	31,004
2004	28,454
2005	22,960
2006	18,008
Thereafter	4,830
<b>Total</b>	<b>\$ 135,790</b>

Contingent revenues for the year ended June 30, 2001, were \$2.6 million.

### b. State as Lessee

Obligations under capital leases and operating leases as of June 30, 2001, were \$96.9 million for capital leases and \$102.4 million for noncancelable operating leases in excess of one year. The following is a schedule of annual future minimum payments under these obligations along with the present value of the related net minimum capital lease payments discounted at approximately 6 percent as of June 30, 2001 (amounts in thousands):

Rental and lease payments for equipment charged to expenditures during the year ended June 30, 2001, totaled \$46.3 million.

	<b>Operating Leases</b>	<b>Capital Leases General Long-term</b>
2002	\$ 23,459	\$ 8,441
2003	21,198	8,170
2004	16,786	6,636
2005	12,764	5,435
2006	7,371	5,359
Thereafter	20,860	62,897
Total future minimum payments	\$ 102,438	96,938
Less: Imputed interest		32,692
Present value of net minimum lease payments		\$ 64,246

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# State of Connecticut

## Note 13 Changes in General Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2001 (amounts in thousands):

General Long-Term Debt Account Group	Balance July 1,2000	Issuances and Other Increases	Retirements and Other Decreases	Increase (Decrease) Accreted Value	Balance June 30,2001
General Obligation Bonds	\$ 7,221,893	\$ 1,596,305	\$ 1,099,513	\$ 11,550	\$ 7,730,235
Transportation Related Bonds	3,069,525	225,000	195,140	736	3,100,121
Expendable Trust Fund Obligations	610,065	144,100	505,615	-	248,550
Net Pension Obligation	2,875,890	735,683	600,126	-	3,011,447
Compensated Absences	294,091	26,992	12,496	-	308,587
Worker's Compensation	283,600	105,270	62,453	-	326,417
Capital Leases	49,406	20,588	5,748	-	64,246
Claims and Judgements	15,079	7,139	9,108	-	13,110
<b>Total General Long-Term Debt Account Group</b>	<b>\$ 14,419,549</b>	<b>\$ 2,861,077</b>	<b>\$ 2,490,199</b>	<b>\$ 12,286</b>	<b>\$ 14,802,713</b>

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types reflects the net proceeds from the sale of bonds and notes in the amount of \$1,908.8 million. This amount includes discounts on the sale of certain bonds and premium and accrued interest received at the time of sale in the amount of \$41.1 million.

Included in retirements of general obligation and transportation related bonds are \$505.1 million of bonds which were defeased by refunding bonds of \$494.5 million.

Additionally, \$1,596.3 million of issuances and other increases for general obligation bonds include \$100 million of bonds issued by the University of Connecticut and \$7.8 million of bonds issued by CHEFA for which the State of Connecticut will pay the principal and interest.

As of June 30, 2001 a liability of \$10.6 million for rebatable arbitrage is included in the liability for claims and judgements.

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# State of Connecticut

## Note 14 Debt

### General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2001, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	2001-2021	2.95-7.525%	\$ 2,244,126	\$ 351,465
School Construction	2001-2020	3-9.75%	1,089,332	70,671
Municipal & Other				
Grants & Loans	2001-2021	3.25-8.5%	1,699,501	624,110
Elderly Housing	2003-2011	7-7.5%	19,905	-
Elimination of Water Pollution	2002-2022	4.5-7.525%	280,790	98,335
General Obligation Refunding	2001-2016	2.4-7%	1,784,798	-
Miscellaneous	2001-2031	3.5-9.5%	99,123	4,837
			7,217,575	\$ 1,149,418
Accretion-Various Capital Appreciation Bonds			512,660	
		Total	\$ 7,730,235	

Future amounts (in thousands) needed to pay principal and interest on general obligation bonds outstanding at June 30, 2001, were as follows:

Year Ending June 30,	Principal	Interest	Total
2002	\$ 621,038	\$ 394,746	\$ 1,015,784
2003	543,532	370,349	913,881
2004	554,857	357,281	912,138
2005	562,507	344,963	907,470
2006	502,897	322,087	824,984
Thereafter	4,432,744	1,886,363	6,319,107
<b>Total</b>	<b>\$ 7,217,575</b>	<b>\$3,675,789</b>	<b>\$10,893,364</b>

Future amounts (in thousands) required to pay principal and interest on transportation related bonds outstanding at June 30, 2001, were as follows:

Year Ending June 30,	Principal	Interest	Total
2002	\$ 202,860	\$ 159,613	\$ 362,473
2003	216,010	150,982	366,992
2004	215,810	140,226	356,036
2005	213,799	129,285	343,084

2006	237,240	117,345	354,585
Thereafter	2,008,084	581,397	2,589,481
<b>Total</b>	<b>\$ 3,093,803</b>	<b>\$ 1,278,848</b>	<b>\$ 4,372,651</b>

### Transportation Related Bonds

Transportation related bonds include special tax obligation bonds and general obligation bonds that are paid out of revenues pledged or earned in the Transportation Fund. The revenue pledged or earned in the Transportation Fund to pay special tax obligation bonds is transferred to the debt service fund for retirement of principal and interest.

Transportation related bonds outstanding and bonds authorized but unissued at June 30, 2001, were as follows (amounts in thousands):

	<b>Final</b>	<b>Original</b>		<b>Authorized</b>
	<b>Maturity</b>	<b>Interest</b>	<b>Amount</b>	<b>But</b>
<b>Purpose of Bonds</b>	<b>Dates</b>	<b>Rates</b>	<b>Outstanding</b>	<b>Unissued</b>
Specific Highways	2012-2017	4.25-5.50%	\$ 14,408	\$ 3,902
Infrastructure				
Improvements	2001-2020	2.65-10.0%	3,061,533	455,763
General Obligation				
Refunding	2004	5.15-9.75%	17,249	-
Other	2005-2013	4.6-7.525%	613	165
			3,093,803	\$ 459,830
Accretion-Various Capital Appreciation Bonds			6,318	
		<b>Total</b>	<b>\$ 3,100,121</b>	

### Demand Bonds

Included in general obligation bonds, there are variable rate demand bonds in the amount of \$100 million. The bonds were issued in May 1997 to fund various State programs (e.g. community conservation development, economic development and manufacturing assistance, regional economic development, etc.) and will mature in the year 2014. Starting in the year 2005, the bonds will be subject to mandatory annual redemption in the principal amount of \$10 million plus accrued interest (these amounts are included in the debt service schedule). Concerning the issuance of the bonds, the State signed various agreements, including a "Remarketing Agreement" with a broker/dealer firm and a "Standby Bond Purchase Agreement" with a foreign bank.

These bonds bear interest at a weekly rate or at a flexible rate for a flexible rate period, which cannot be longer than 270 days. Initially, all bonds bear interest at the weekly rate. After that, the bonds may be converted from time to time to the flexible rate or weekly rate at the option of the State. The State's remarketing agent determines the weekly or flexible rate and applicable flexible rate period.

Bonds bearing interest at the weekly rate are subject to purchase at the option of the holder at a purchase price equal to principal and accrued interest, if any, on a minimum seven days' notice and delivery to the State's agent. In addition, all bonds are subject to mandatory purchase upon (1) conversion from the weekly rate to the flexible rate or vice versa, (2) the end of each flexible rate period, and (3) expiration or substitution of the Standby Bond Purchase Agreement. The State's remarketing agent is responsible for using its best efforts to remarket bonds properly tendered for purchase.

The Standby Bond Purchase Agreement requires the bank to purchase bonds tendered and not remarketed in an amount not to exceed the principal on the bonds plus (for bonds bearing interest at the weekly rate) accrued interest up to 35 days at an annual interest rate not to exceed 15 percent; (1) for bonds held for up to 30 days

after the purchase date, the Federal funds rate plus .50 percent; (2) for bonds held for more than 30 days but less than 90 days after the purchase date, the Federal funds rate plus 1.00 percent; and (3) for bonds held for more than 90 days after the purchase date, the higher of (a) the base commercial lending rate announced from time to time by the bank, or (b) the federal funds rate plus .50 percent.

The State is required under the Standby Bond Purchase Agreement to pay to the bank a quarterly fee of .065 percent per annum of the available commitment as of each payment date. The available commitment is an amount that the bank is committed to purchase under the agreement. Such amount was initially set in the agreement at \$101.4 million and is adjusted from time to time according to provisions in the agreement. If the rating on the bonds were to fall below certain levels, or be withdrawn or suspended, the bank fee could go as high as .135 percent per annum.

The Standby Bond Purchase Agreement expires in the year 2002 and could be extended annually for another year. If certain events of default described in the agreement were to occur, the agreement could be terminated prior to that date.

### Expendable Trust Fund Obligations

In July, August, and September 1993, the State issued \$1,020.7 million of special assessment revenue bonds. The issuance of these special obligation revenue bonds was for the repayment of loans made by the United States to Connecticut, which were used for the payment of unemployment compensation benefits and assisting the State in meeting a portion of its unemployment compensation benefit obligations. These bonds mature on various dates through 2001 and bear interest rates from 3.1 percent to 5.5 percent and shall be payable solely from revenues and requisitioned funds specifically pledged for their payment. As of June 30, 2001 these bonds have been fully retired with \$183.9 million having been retired through a cash defeasance.

In November 1996, the State issued \$100 million and in October 2000, \$124.1 million of second injury special assessment revenue bonds. The bonds were issued to reduce long-term liabilities of the fund by settling claims on a one-time lump sum basis. The bonds bear fixed interest rates ranging from 4.25 percent to 6.00 percent and mature each year at various amounts through the year 2015, starting on January 1 of 1998. Because the bonds will be paid solely from future assessment revenue of the fund, the State has no contingent obligation either directly or indirectly for the payment of such bonds.

Future amounts (in thousands) needed to pay principal and interest on second injury special assessment revenue bonds were as follows:

Year Ending June 30,	Principal	Interest	Total
2002	\$ 5,595	\$ 11,978	\$ 17,573
2003	13,070	10,157	23,227
2004	13,705	9,492	23,197
2005	14,345	8,845	23,190
2006	15,050	8,134	23,184
Thereafter	143,085	34,973	178,058
<b>Total</b>	<b>\$ 204,850</b>	<b>\$ 83,579</b>	<b>\$ 288,429</b>

Additionally, the bond indenture allows for the periodic issuance of subordinated Bond Anticipation Notes (BANs) in the form of commercial paper. As of June 30, 2001, the fund had \$43.7 million in outstanding BANs. The State has entered into a Revolving Credit Agreement that ensures that the BANs can be refinanced on a long-term basis.

### Interest Rate Swap Agreements

The State has entered into interest rate swap agreements for the following outstanding debt:

Face Value	Interest	Maturity
------------	----------	----------

Type	(000's)	Rate	Date
Transportation - STO's	\$ 168,500	variable	2010
General Obligation	\$ 20,000	variable	2012

Based on these agreements, the State pays a fixed interest rate to the counterparty to the swap, and the counterparty pays the State a variable interest rate that is determined by the Agreement. The State continues to make payments to the bondholders, and only the net difference in interest payments is exchanged with the counterparty. By entering into these agreements, the State has in effect exchanged its variable rate liability for a fixed rate obligation.

The agreements call for the following exchange of interest rates:

Counterparty	Face Value (000's)	Interest Rate Assumed by State	Interest Rate Assumed by Counter party
AIG Corp.	\$ 101,100	5.75%	65% of 1-month LIBOR* rate
Sumitomo Bank	\$ 67,400	5.71%	65% of 1-month LIBOR* rate
Morgan Stanley	\$ 20,000	4.33%	CPI(adj semi-annual)

\*The primary fixed income index reference rates used in the Euro-markets.

Regarding these agreements, the State is exposed to the market risk relating to the relationship between the variable interest rate on the bonds (which is reset weekly) and the rate that it receives under the swap agreements. As of June 30, 2001, the AIG, Sumitomo, and Morgan Stanley interest rate swaps had unfavorable positions of \$8.9 million, \$5.8 million, and \$0.3 million respectively.

The counterparties guarantee both agreements, and the agreement with AIG Corp. has a collateral agreement, which goes into effect if the credit rating of AIG falls below a defined level.

### Revenue Bonds

Revenue bonds are those bonds that are paid out of resources pledged in the enterprise funds, nonexpendable trust funds, higher education funds, and component units.

Revenue bonds outstanding at June 30, 2001, were as follows:

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding
Primary Government:			
Enterprise:			
Bradley Airport	2012-2031	3.25-7.65%	\$ 284,395
Rental Housing	2001-2002	5.25-9%	81,820
John Dempsey Hospital	2002-2009	7.125%	1,109
Other	2006-2024	6.125-8%	53,800
Nonexpendable:			
Clean Water Fund	2009-2022	3.45-11.0%	595,350
Drinking Water Fund	2022	4-5.5%	29,615
Higher Education:			
Plant and Affiliated Org.	2001-2029	3.55-8.25%	294,819
Premiums:			



Clean & Drinking Water bonds			7,408
Bradley Airport and Other			902
		Total	<b>\$ 1,349,218</b>
Component Units:			
CT Development Authority	2003-2019	4.6-8.75%	\$ 96,230
CT Housing Finance Authority (as of 12-31-00)	2001-2042	3.6-9.5%	3,136,575
CT Resources Recovery Authority	2001-2016	3.4-7.7%	259,782
CT Higher Education Supplemental Loan Authority	2001-2021	4-7.5%	121,770
CT Health & Educational Facilities Authority	2001-2004	4.32-14.94%	5,395
Discount on CHFA Bonds sold			(28,551)
		Total	<b>\$ 3,591,201</b>

Revenue bonds issued by the component units do not constitute a liability or debt of the State, and the State is only contingently liable for these bonds as discussed in this section.

The following is a description of revenue bonds with restrictive covenants:

### Primary Government

Bradley Airport has issued various revenue bonds to finance costs of improvements to the airport. As of June 30, 2001, the following bonds were outstanding:

- a. Airport revenue refunding bonds in the amount of \$71.2 million. These bonds were issued in October, 1992, to redeem the 1982 revenue bonds, and are secured by and payable solely from the gross operating revenues generated by the State from the operations of the airport and other receipts, funds or monies pledged in the bond indenture.
- b. On March 1, 2001 the airport issued Bradley International Airport Revenue Bonds in the amount of \$194 million and Bradley International Airport Refunding Bonds in the amount of \$19.2 million. Both bond series are secured by and payable solely from the gross operating revenues generated by the state from the operation of the airport and other receipts, funds or monies pledged in the bond indenture.

Bradley Parking Garage Bonds were issued, in 2000, in the amount of \$53.8 million. These bonds were issued to build a parking garage at the airport.

In 1994, the State of Connecticut began issuing Clean Water Fund revenue bonds. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of wastewater treatment projects.

### Component Units

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and the purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its Self-Sustaining Bond Program and Umbrella Program. Under the Umbrella Program, bonds outstanding at June 30, 2001 were \$44.7 million. Assets totaling \$46.2 million are pledged under the terms of the bond resolution for the payment of principal and interest on these bonds until such time as it is determined that there are surplus funds as defined in the bond resolution.

Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section of this note. In addition, the Authority had \$51.5 million in general obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72 and an indenture dated 9/25/95. As of December 31, 2000, bonds outstanding under the bond resolution and the indenture were \$3,116.4 million and \$20.2 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. The capital reserve fund is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in the next succeeding calendar year (\$276.3 million at 12/31/00) on all outstanding bonds. In addition, all assets of the Authority's general and capital reserve funds (\$3,839 million) are restricted until such time as they are determined to be "surplus funds." As of December 31, 2000, the Authority has entered into interest rate swap agreements for \$284 million of its variable rate bonds. These agreements are similar in nature to agreements discussed in the interest rate swap agreements section of this note.

Connecticut Resources Recovery Authority's revenue bonds are issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the bond indentures.

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund. According to the bond resolutions, the Authority internally accounts for each bond issue in separate funds, and additionally, the Bond fund includes individual funds and accounts as defined by each bond resolution.

Connecticut Health and Educational Facilities Authority's revenue bonds are issued to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions. Prior to July 1, 1979, the Authority issued general obligation bonds for which the Authority is ultimately responsible for the payment of principal and interest when due. After July 1, 1979, the Authority has issued only special obligation bonds, which are discussed in the no-commitment debt section of this note. At year-end, the Authority had \$5.4 million in outstanding general obligation bonds.

Each Authority has established special capital reserve funds which secure all the outstanding bonds of the Authority at year-end (except as discussed below). These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so. For the Connecticut Resources Recovery Authority, the amount of bonds outstanding at year-end that were secured by the special capital reserve funds was \$220.3 million. For the Connecticut Health and Educational Facilities Authority, the general obligation bonds outstanding at year-end were not secured by the special capital reserve funds.

Future amounts (in thousands) required to pay principal and interest on revenue bonds outstanding at June 30, 2001 were as follows:

Ending June 30,	Primary Government						Component Units	
	Enterprise Funds		Nonexpendable Trust		Higher Education		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2002	\$ 4,939	\$ 24,561	\$ 31,040	\$ 30,265	\$ 12,975	\$ 15,651	\$ 133,238	\$ 208,884
2003	86,818	21,201	27,050	29,487	14,157	14,946	135,884	201,431

2004	6,340	18,692	36,475	27,963	15,459	14,213	140,589	193,979
2005	10,853	18,162	42,025	26,027	13,973	13,407	137,581	186,042
2006	11,449	17,474	32,125	24,124	14,673	12,712	152,489	177,779
Thereafter	300,725	196,226	456,250	162,940	223,582	123,291	2,919,971	1,860,064
	<b>\$ 421,124</b>	<b>\$ 296,316</b>	<b>\$ 624,965</b>	<b>\$ 300,806</b>	<b>\$ 294,819</b>	<b>\$ 194,220</b>	<b>\$ 3,619,752</b>	<b>\$ 2,828,179</b>

### No-commitment debt

Under the Self-Sustaining Bond program, The Connecticut Development Authority issues revenue bonds to finance such projects as described previously in the component unit section of this note. These bonds were paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of a default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2001 were \$1,153.3 million.

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/ operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial statements. Total bonds outstanding at June 30, 2001 were \$262.7 million. Of this amount, \$71.8 million was secured by a special capital reserve fund.

The Connecticut Health and Educational Facilities Authority has issued special obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total special obligation bonds outstanding at June 30, 2001, were \$3,895.0 million, of which \$241.5 million was secured by special capital reserve funds.

The State may be contingently liable for those bonds that are secured by special capital reserve funds as discussed previously in the component units section of this note.

### Debt Refundings

During the year, the State issued \$504.6 million of general obligation refunding bonds with an average interest rate of 5.34% to advance refund \$514.6 million of general obligation bonds with an average interest rate of 5.40%.

The proceeds of the refunding bonds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered defeased and the liability for those bonds have been removed from the general long-term debt account group.

The State advance refunded these bonds to reduce its total debt service payments over the next fifteen years by \$22.9 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$18.0 million. As of June 30, 2001, \$1,942.1 million of outstanding general obligation, special tax obligation, and revenue bonds (including prior year's refundings) are considered defeased.



# State of Connecticut

## Note 15 Risk Management

The risk financing and insurance program of the State is managed by the State Insurance and Risk Management Board. The Board is responsible mainly for determining the method by which the State shall insure itself against losses by the purchase of insurance to obtain the broadest coverage at the most reasonable cost, determining whether deductible provisions should be included in the insurance contract, and whenever appropriate determining whether the State shall act as self-insurer. The schedule below lists the risks of loss to which the State is exposed and the ways in which the State finances those risks.

Risk of Loss	Risk Financed by	
	Purchase of Commercial Insurance	Self-Insurance
Liability (Torts):		
-General (State buildings, parks, or grounds)		X
-Other	X	
Theft of, damage to, or destruction of assets	X	
Business interruptions	X	
Errors or omissions:		
-Professional liability	X	
-Medical malpractice (John Dempsey Hospital)		X
Injuries to employees		X
Natural disasters	X	

For the general liability risk, the State is self-insured because it has sovereign immunity. This means that the State cannot be sued for liability without its permission. For other liability risks, the State purchases commercial insurance only if the State can be held liable under a particular statute (e.g. per statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract.

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than \$100 thousand.

When purchasing commercial insurance the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries a large number of insurance policies covering various risks. The highest deductible or self-insured retention amount assumed by the State is \$25 million, which is carried in a railroad liability policy.

For the last three fiscal years, the amount of settlements did not materially exceed insurance coverage.

Most State employees and retirees participate in three health plans. For one of these plans, the State was self-insured in prior years. In fiscal year 2000 the State elected to purchase insurance coverage for this health plan, and liquidated the outstanding health plan liability.

The State records its risk management activities in the General fund, except for activities related to the medical malpractice risk which are recorded in the John Dempsey Hospital fund. At year-end, a liability for unpaid claims is recorded in each fund when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability is determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities for medical malpractice and for workers' compensation are actuarially determined. The liability for medical



malpractice is reported at its present value, using a discount rate of 5 percent. The portion of the General fund liability considered to be long-term is recorded in the General Long-Term Debt account group. Changes in the claims liability accounts during the last two fiscal years were as follows (amounts in thousands):

	<b>Medical Malpractice</b>	<b>Workers' Compensation</b>	<b>Health Plan</b>
Balance 6-30-99	\$ 5,753	\$ 280,074	\$ 63,873
Incurred claims	2,855	56,894	1,345
Paid claims	(283)	(53,368)	(65,218)
Balance 6-30-00	8,325	283,600	-
Incurred claims	2,026	105,270	-
Paid claims	(800)	(62,453)	-
Balance 6-30-01	<b>\$ 9,551</b>	<b>\$ 326,417</b>	<b>\$ -</b>

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# State of Connecticut

## Note 16 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2001, were as follows (amounts in thousands):

<b>Fund</b>	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General	\$ 27,861	\$ 69,586
Special Revenue:		
Transportation	23,801	1,110
Workers' Compensation	189	161
Banking	-	160
Consumer Counsel & Public Utility Control	-	205
Insurance	75	197
Criminal Injuries	151	-
Mashatucket Pequot & Mohegan	-	-
Regional Market	-	7
Soldiers, Sailors, & Marines	-	541
Employment Security	1,213	953
Grant and Loan Programs	-	19,238
Environmental Programs	36	248
Housing Programs	-	14
Other	10	1,967
	<b>25,475</b>	<b>24,801</b>
Debt Service	-	<b>5,409</b>
Capital Projects:		
State Facilities	13,678	47,043
Infrastructure	-	942
Transportation	-	-
	<b>13,678</b>	<b>47,985</b>
Enterprise:		
Bradley International Airport	-	2,475
Lottery Corporation	-	11,245
John Dempsey	1,061	1,061
Other	-	8
	<b>1,061</b>	<b>14,789</b>
Internal Service:		
Correction Industries	634	4,953
Information & Technology	2,735	294
Administrative Services	406	93
	<b>3,775</b>	<b>5,340</b>
Expendable Trust:		
Employment Security	34,092	5,187
Special Assessment		33,570
Retired Teachers	1,576	

Other	431	-
	<b>36,099</b>	<b>38,757</b>
Nonexpendable Trust:		
Soldiers, Sailors, & Marines	527	-
Other	3	216
	530	216
Pension Trust:		
State Employees	4,811	1,499
State Teachers	-	9,662
	<b>4,811</b>	<b>11,161</b>
Agency:		
Payroll & Fringe Benefit	4,990	-
Receipts & Pending Distribution	-	7,502
	<b>4,990</b>	<b>7,502</b>
Higher Education & University Hospital:		
Current Unrestricted	48,127	7,209
Current Restricted	9	1,530
Loan	-	392
Plant Funds	85,177	10
Endowment	-	-
Agency Funds	125	176
	<b>133,438</b>	<b>9,317</b>
Component Units:		
CT Development Authority	19,307	-
CT Health & Educational Facilities	-	36,215
CT Innovations, Incorporated	53	-
	19,360	36,215
<b>Totals</b>	<b>\$ 271,078</b>	<b>\$ 271,078</b>

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# State of Connecticut

## Note 17 Restatement of Fund Balances/Retained Earnings

As of June 30, 2001, the beginning fund balances/retained earnings for the following funds were restated as follows (amounts in thousands):

Fund	Balance 6/30/00	Fund	GASB	Correction of Reported Assets/	Balance 6/30/00
	Previously Reported	Reclass	No. 33	Liabilities	as Restated
General	\$ 554,915	\$ -	\$ 228,712	\$ (2,619)	\$ 781,008
Special Revenue:					
Enviroment. Prog.	155,261	(1,536)	-	-	153,725
Capital Projects:					
State Facilities	(154,133)	-	-	(39,117)	(193,250)
Enterprise:					
Rental Housing	71,058	-	-	(6,334)	64,724
John Demp. Hosp. ( 9-30-00)	76,118	-	-	(22,432)	53,686
Internal Service:					-
Information/Tech.	16,967	-	-	(61)	16,906
Administrative Svc	20,322	-	-	471	20,793
Expendable:					
Employment Security	842,089	-	77,514	-	919,603
Other	42,329	-	-	(1,819)	40,510
Nonexpendable:					
Drinking Water	-	1,536	-	49	1,585
Other	36,569	-	-	(4,884)	31,685
Higher Education					
Plant	2,117,793	-	-	(99,447)	2,018,346

The restatements were made because of the following reasons:

1. The implementation of GASB Statement No. 33, *"Accounting and Financial Reporting for Nonexchange Transactions"*. This statement requires that (a) taxes and other assessments should be recognized as revenues in the period when the underlying exchange transactions has occurred and the resources are available and (b) grants and other financial aid should be recognized as revenue when all eligibility requirements imposed by the provider have been met and the resources are available.
2. A change in the reporting period used by John Dempsey Hospital from September 30 to June 30 , which was implemented this year. Because the combined financial statements for last year included John Dempsey Hospital's financial statements as of September 30, 1999, the above restatement includes an operating loss of \$13,841 for the period September 30, 1999 through September 30, 2000.
3. The recording of accumulated depreciation of \$138,186 in the Plant funds of the Health Center (a higher education unit). In prior years, the Health Center did not record depreciation in its Plant funds.
4. The recognition of unexpended bond allotments as an interfund receivable (\$38,739) and payable in the Plant funds and in the State Facilities fund, respectively. In prior years, unexpended bond allotments were not recognized in the combined financial statements.



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# State of Connecticut

## Note 18 Reserved Retained Earnings, Contributed Capital, and Reserved Fund Balances

### Reserved Retained Earnings

Bradley International Airport, an enterprise fund, has \$28.6 million restricted for debt service requirements and other programs of the airport. The Connecticut Lottery

Corporation, an enterprise fund, has \$1.9 million restricted for programs of the Corporation. The Connecticut Housing Finance Authority, a component unit, has \$571.9 million restricted for debt service requirements and other programs of the Authority. The Connecticut Resources Recovery Authority, a component unit, has \$21.5 million restricted for specific purposes.

### Contributed Capital

The following is a summary of changes in the contributed capital accounts for the year ended June 30, 2001 (amounts in thousands):

	Primary Government	Component Units	
	Bradley Airport	Connecticut Resources Recovery Authority	Connecticut Innovations, Incorporated
Balance July 1, 2000	\$ 103,874	\$ 1,713	\$ 85,569
Contributions-State	-	-	12,337
Contributions-Other	4,098	-	13,970
Items added back to retained earnings	-	(123)	-
Balance June 30, 2001	\$ 107,972	\$ 1,590	\$ 111,876

### Reserved Fund Balances

These balances are comprised as follows (amounts in thousands):

Reserved For	Fund Type			
	General	Special Revenue	Trust and Agency	Higher Education
Petty Cash	\$ 1,043	\$ -	\$ -	\$ -
Budget Reserve	594,698	-	-	-
Advances to Other Funds	4,950	-	-	-
Inventories	36,232	13,142	-	-
Continuing Appropriations	687,027	55,243	-	-
Debt Service	20,696	-	-	77,883
Restricted Purposes	249,273	-	-	275,313
Loans	1,636	313,684	-	26,996
Employees' Pension Benefits	-	-	20,501,822	-
Trust Activities	-	-	480,753	-
Pool Participants	-	-	1,414,080	-
	\$ 1,595,555	\$ 382,069	\$ 22,396,655	\$ 380,192

Reserved for continuing appropriations represents amounts of unexpended appropriations legally carried forward and available for encumbrances and expenditures in the succeeding year.

Reserved for restricted purposes in the General and Higher Education funds represents amounts restricted for specific purposes by federal grants, restricted revenues, and private gifts and endowments.

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# State of Connecticut

## Note 19 Segment Information - Enterprise Funds

The State maintains five enterprise funds, which provide financing for State housing programs, airport services, hospital operations, lottery programs, and other services. Segment information for the year ended June 30, 2001, is as follows (amounts in thousands):

	Rental Housing	Bradley Airport	John Dempsey Hospital	CT Lottery Corporation	Other
Operating Revenue	\$ 642	\$ 41,196	\$ 99,999	\$ 839,712	\$ 17,869
Depreciation and Amortization Expense	1	9,915	4,158	984	970
Operating Income (Loss)	(4,099)	6,593	(2,578)	250,029	183
Operating Transfers In	14,074	-	-	-	-
Operating Transfers Out	-	-	-	252,003	-
Net Non-Operating Revenues (Expenses)	5,917	3,877	-	1,656	(1,811)
Net Income (Loss)	15,892	10,470	(2,578)	(318)	(1,628)
Capital Contributions	-	4,098	-	-	-
Property, Plant & Equipment Additions (Deletions)	-	32,793	3,123	277	20,407
Net Working Capital	162,436	5,223	14,377	444,726	(1,057)
Total Assets	164,550	473,972	92,154	576,649	55,339
Bond and Other Long-Term Liabilities	81,820	285,115	17,384	451,339	54,014
Total Equity	80,616	174,180	51,108	1,943	(613)

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# State of Connecticut

## Note 20 Condensed Financial Statements - Component Units (amounts in thousands)

	Balance Sheets					Total
	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-00)	Connecticut Resources Recovery Authority	Connecticut Health & Educational Facilities Authority	Other	
<b>Assets:</b>						
Current Assets	\$ 201,214	\$ 3,473,318	\$ 99,835	\$ 19,012	\$ 320,977	\$ 4,114,356
Property, Plant, and Equipment	20,262	2,629	237,665	152	233	260,941
Restricted Assets	51,140	336,363	103,413	267,341	9,076	767,333
Other Assets	5,051	26,875	12,665	-	2,046	46,637
<b>Total Assets</b>	<b>\$ 277,667</b>	<b>\$ 3,839,185</b>	<b>\$ 453,578</b>	<b>\$ 286,505</b>	<b>\$ 332,332</b>	<b>\$ 5,189,267</b>
<b>Liabilities and Equity:</b>						
<b>Liabilities:</b>						
Current Liabilities	\$ 10,675	\$ 27,913	\$ 27,583	\$ 39,285	\$ 14,055	\$ 119,511
Revenue Bonds	96,230	3,108,024	259,782	5,395	121,770	3,591,201
Other Liabilities	-	127,551	24,160	223,321	-	375,032
<b>Total Liabilities</b>	<b>106,905</b>	<b>3,263,488</b>	<b>311,525</b>	<b>268,001</b>	<b>135,825</b>	<b>4,085,744</b>
<b>Equity:</b>						
Contributed Capital	162,840	-	1,590	-	111,876	276,306
Retained Earnings	7,922	575,697	140,463	18,504	84,631	827,217
<b>Total Equity</b>	<b>170,762</b>	<b>575,697</b>	<b>142,053</b>	<b>18,504</b>	<b>196,507</b>	<b>1,103,523</b>
<b>Total Liabilities and Equity</b>	<b>\$ 277,667</b>	<b>\$ 3,839,185</b>	<b>\$ 453,578</b>	<b>\$ 286,505</b>	<b>\$ 332,332</b>	<b>\$ 5,189,267</b>

## Statements of Revenues, Expenses, and Changes in Equity

						Total
	Connecticut Development Authority	Connecticut Housing Finance Authority (12-31-00)	Connecticut Resources Recovery Authority	Connecticut Health & Educational Facilities Authority	Other	
Operating Revenues	\$ 25,570	\$ 208,394	\$ 171,518	\$ 4,014	\$ 10,321	\$ 419,817
<b>Operating Expenses:</b>						
Depreciation and Amortization	277	3,615	16,710	56	243	20,901
Other	29,152	212,408	137,056	2,646	24,625	405,887
Operating Income (Loss)	(3,859)	(7,629)	17,752	1,312	(14,547)	(6,971)
Nonoperating Revenues (Expenses)	5,421	67,353	58,313	1,007	11,408	143,502
Operating Transfer in from Pri. Govt.	-	-	-	-	7,246	7,246
<b>Net Income (Loss) for the Year</b>	<b>1,562</b>	<b>59,724</b>	<b>76,065</b>	<b>2,319</b>	<b>4,107</b>	<b>143,777</b>
Equity-Beginning	169,200	515,973	65,988	16,185	166,093	933,439
Capital Contributions	-	-	-	-	26,307	26,307
<b>Equity-Ending</b>	<b>\$ 170,762</b>	<b>\$ 575,697</b>	<b>\$ 142,053</b>	<b>\$ 18,504</b>	<b>\$ 196,507</b>	<b>\$ 1,103,523</b>

# State of Connecticut

## Note 21 Related Organizations

Related organizations are legally separate organizations that are not financially accountable to the State. However, these organizations are still related to the State as discussed next.

The State appoints a voting majority of the following organizations' governing boards, the Community Economic Development Fund and the Connecticut Student Loan Foundation. The State's accountability for these organizations does not extend beyond making the appointments.

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# State of Connecticut

## Note 22 Commitments and Contingencies

### A. Commitments

At June 30, 2001, the State, including its component units, had the following outstanding commitments:

1. Infrastructure (highways, roads, etc.) and other construction contracts and miscellaneous contracts with various vendors totaling approximately \$1,851.4 million of which \$993.1 million is expected to be reimbursed by federal grants or other payments.
2. School construction and alteration grants with various towns for \$3,148.2 million and interest costs of \$326.9 million for a total of \$3,475.1 million. Funding for these projects is expected to come from bond sales.
3. Loan commitments, mortgage and grant programs, and loan guarantees total approximately \$580.9 million. Funding for these programs is expected to come from bond sales

### B. Contingent Liabilities

The State entered into a contractual agreement with H.N.S. Management Company, Inc. and ATE Management and Service Company, Inc. to manage and operate the bus transportation system for the State. The State shall pay all expenses of the system including all past, present and future pension plan liabilities of the personnel employed by the system and any other fees as agreed upon. When the agreement is terminated the State shall assume or make arrangements for the assumption of all the existing obligations of the management companies including but not limited to all past, present and future pension plan liabilities and obligations.

### C. Litigation

The State, its units and employees are parties to numerous legal proceedings, many of which normally occur in government operations. Most of these legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

There are, however, several legal proceedings which, if decided adversely against the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

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## Note 23 Subsequent Events

In September, \$708.3 million of special tax obligation bonds for transportation infrastructure programs were issued. These consisted of \$135 million of serial bonds, \$40 million of term bonds, and \$533.3 million of refunding serial bonds maturing on various dates through 2021 and bearing interest rates of 2% to 5.375%.

In November, \$832.4 million of general obligation bonds were issued which included \$432.8 million of refunding bonds which were issued for the purpose of advance refunding \$437.2 million. These bonds will mature at various dates through 2021, and bear interest rates of 3% to 5.125%.

In December, \$175 million of general obligation bonds were issued, maturing at various dates through 2011 and bearing interest rates of 3% to 5%.

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# State of Connecticut

## Required Supplementary Information Schedules of Funding Progress

(Expressed in  
Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
SERS						
6/30/95	\$4,209.2	\$7,838.2	\$3,629.0	53.7%	\$2,325.8	156.0%
6/30/96	\$4,604.2	\$8,138.6	\$3,534.4	56.6%	\$2,385.5	148.2%
6/30/97	\$5,131.0	\$8,833.2	\$3,702.2	58.1%	\$2,225.2	166.4%
6/30/98	\$5,669.9	\$9,592.4	\$3,922.5	59.1%	\$2,339.0	167.7%
6/30/99 *	-	-	-	-	-	-
6/30/00	\$7,196.0	\$11,512.1	\$4,316.1	62.5%	\$2,651.9	162.8%
*No actuarial valuation was performed as of June 30, 1999						
TRS						
6/30/95 *	-	-	-	-	-	-
6/30/96	\$6,648.2	\$9,626.8	\$2,978.6	69.1%	\$2,151.6	138.4%
6/30/97 *	-	-	-	-	-	-
6/30/98	\$7,721.1	\$10,970.1	\$3,249.0	70.4%	\$2,298.9	141.3%
6/30/99 *	-	-	-	-	-	-
6/30/00	\$9,605.9	\$11,797.6	\$2,191.7	81.4%	\$2,501.5	87.6%
*No actuarial valuations were performed as of June 30, 1995, 1997 and 1999						
JRS						
9/30/95	\$70.5	\$154.7	\$84.2	45.6%	\$19.2	438.5%
9/30/96	\$77.8	\$161.5	\$83.7	48.2%	\$19.5	429.2%
9/30/97	\$87.8	\$167.5	\$79.7	52.4%	\$20.2	394.6%
6/30/98	\$98.1	\$168.1	\$70.0	58.4%	\$21.2	330.2%
6/30/99	\$110.7	\$172.5	\$61.8	64.2%	\$21.9	282.2%
6/30/00	\$123.4	\$181.7	\$58.3	67.9%	\$24.1	241.9%

## Required Supplementary Information

### Schedules of Funding Progress

(Expressed in  
Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
MERS						
6/30/95	\$711.0	\$661.0	\$(50.0)	107.6%	\$237.0	(21.1)%
6/30/96	\$782.0	\$692.2	\$(89.8)	113%	\$242.8	(37.0)%
6/30/97	\$872.0	\$731.1	\$(140.9)	119.3%	\$246.0	(57.3)%
6/30/98	\$980.4	\$814.1	\$(166.3)	120.4%	\$258.2	(64.4)%
6/30/99	\$1,100.7	\$860.1	\$(240.6)	128.0%	\$269.4	(89.3)%
6/30/00	\$1,251.6	\$1,153.2	\$(98.4)	108.5%	\$290.3	(33.9)%

#### PJRS

For the Probate Judges Retirement System because the UAAL is zero, the actuarial cost method becomes the "aggregate cost method" and a schedule of funding progress is not required.

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# State of Connecticut

## Required Supplementary Information Schedules of Employer Contributions

(Expressed in Millions)

Fiscal Year	SERS		TRS		JRS	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
1996	\$501.1	66.9%	\$164.7	85.0%	\$9.2	100.0%
1997	\$542.8	64.3%	\$174.0	85.0%	\$9.3	100.0%
1998	\$567.6	59.0%	\$211.0	85.0%	\$9.3	100.0%
1999	\$315.6	100.0%	\$221.6	85.0%	\$9.3	100.0%
2000	\$342.8	100.0%	\$240.5	85.0%	\$9.3	100.0%
2001	\$375.6	100.0%	\$252.5	85.0%	\$9.8	100.0%

Fiscal Year	MERS		PJRS	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
1996	\$23.2	100.0%	\$-	\$-
1997	\$21.3	100.0%	\$0.32	100.0%
1998	\$18.8	100.0%	\$0.35	100.0%
1999	\$18.1	100.0%	\$0.32	100.0%
2000	\$32.0	100.0%	\$-	\$-
2001	\$15.5	100.0%	\$-	\$-

Note: During 1996, 2000, and 2001 the only contributions to the Probate Judges Retirement System were the required member contributions.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	SERS	TRS	JRS	MERS	PJRS
Valuation date	6/30/00	6/30/00	6/30/00	6/30/00	12/31/00
Actuarial cost method	Projected unit credit	Entry age	Projected unit credit	Entry age	Entry Age
Amortization method	Level percent of pay, closed	Level percent of pay, closed	Level percent of pay, closed	Level percent of pay, closed	-
Remaining amortization period	32 Years	13-32 Years	30 Years	14-22 Years	-
Asset valuation method	5 year smoothed market	4 year smoothed market	5 year smoothed market	5 year smoothed market	Asset smoothing
Actuarial assumptions:					
Investment rate of return	8.5%	8.5%	8.5%	8.5%	8.5%
Projected salary increases	4.25-15%	5-8.1%	5.5%	4.5-11.25%	6%
Includes inflation at	5%	5%	5.5%	3.75%	3.5%
Cost-of-living adjustments	2.75-3.75%	4%	3-5.5%	2.5-5%	3%

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# State of Connecticut

## Special Revenue Funds

Special Revenue funds account for the proceeds of specific revenue sources (other than expendable trusts, major capital projects, and higher education sources) that are legally restricted for specified purposes. Significant Special Revenue Funds include the following:

### ***Transportation Fund:***

to account for motor vehicle taxes, receipts and transportation related federal revenues collected for the purposes of payment of debt service requirements and budgeted appropriations made to the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the state.

### ***Workers' Compensation Administration:***

to account for assessments collected for the purpose of covering the administrative costs of the Workers' Compensation Commission.

### ***Banking:***

to account for monies collected from various banking institutions throughout the state.

### ***Consumer Counsel and Public Utility Control:***

to account for monies collected from various public utility companies.

### ***Insurance:***

to account for monies collected from authorized insurers within the state.

### ***Criminal Injuries Compensation:***

to account for monies collected from the criminal injuries board.

### ***Regional Market Fund:***

to account for rents and other monies collected for the purpose of providing for the payment of expenses relating to the operation and maintenance of the regional market.

### ***Mashantucket Pequot and Mohegan Fund:***

to account for casino gambling monies collected from the Mashantucket Pequot Tribe and the Mohegan Tribe to be used for the purpose of distribution to towns.

### ***Soldiers, Sailors, and Marines Fund:***

to account for interest earned for the purpose of furnishing food, wearing apparel, medical or surgical care, or funeral expenses of soldiers, sailors, and marines who served in any branch of military service.

### ***Employment Security Administration:***

to account for monies collected from various sources for the purpose of defraying the cost of the administration of unemployment compensation.

### ***Grants and Loan Programs:***

to account for monies collected for the purpose of giving various grants to local governments, organizations, and individuals.

### ***Environmental Programs:***

to account for monies collected for the purpose of providing funds for various environmental programs throughout the state.



***Housing Programs:***

to account for monies collected for the purpose of providing funds for various housing programs throughout the state.

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# State of Connecticut

## Combining Balance Sheet Special Revenue Funds

June 30, 2001

(Expressed in Thousands)

	Transportation	Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance
Assets:					
Cash and Cash Equivalents	\$140,135	\$13,389	\$22,440	\$5,924	\$9,234
Investments:					
Other	-	-	-	-	-
Receivables:					
Taxes	37,859	-	-	-	-
Accounts, Net of Allowances	3,414	-	-	346	45
Loans, Net of Allowances	-	-	-	-	-
Interest	167	-	-	-	-
Federal Grants Receivable	14,094	-	-	-	-
Non Federal Grants Receivable	8,318	-	-	-	-
Due From Other Funds	23,801	189	-	-	75
Receivable From Other Governments	-	-	-	-	-
Inventories and Prepaid Items	13,142	-	-	-	-
Total Assets	\$240,930	\$13,578	\$22,440	\$6,270	\$9,354
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$22,758	\$525	\$331	\$2,131	\$480
Due To Other Funds	1,110	161	160	205	197
Due To Component Units	-	-	-	-	-
Deferred Revenue	15,616	-	-	4,894	4,584
Total Liabilities	39,484	686	491	7,230	5,261
Fund Balances:					
Reserved for Debt Service	-	-	-	-	-
Reserved for Inventories	13,142	-	-	-	-
Reserved for Loans	-	-	-	-	-
Reserved for Continuing Appropriations	54,748	-	355	-	140
Unreserved, undesignated	133,556	12,892	21,594	(960)	3,953
Total Fund Balances	201,446	12,892	21,949	(960)	4,093
Total Liabilities and Fund Balances	\$240,930	\$13,578	\$22,440	\$6,270	\$9,354

	Criminal Injuries	Mashantucket Pequot and Mohegan Fund	Regional Market	Soldiers, Sailors & Marines	Employment Security Administration
Assets:					
Cash and Cash Equivalents	\$1,282	\$314	\$666	\$627	\$8,361
Investments:					

	<b>Criminal Injuries</b>	<b>Mashantucket Pequot and Mohegan Fund</b>	<b>Regional Market</b>	<b>Soldiers, Sailors &amp; Marines</b>	<b>Employment Security Administration</b>
Other	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts, Net of Allowances	-	-	-	-	-
Loans, Net of Allowances	-	-	-	-	-
Interest	-	-	-	-	-
Federal Grants Receivable	-	-	-	-	-
Non Federal Grants Receivable	-	-	-	-	-
Due From Other Funds	151	-	-	-	1,213
Receivable From Other Governments	-	-	-	-	18,175
Inventories and Prepaid Items	-	-	-	-	-
Total Assets	\$1,433	\$314	\$666	\$627	\$27,749

## Liabilities and Fund Balances:

## Liabilities:

Accounts Payable and Accrued Liabilities	\$241	\$-	\$21	\$79	\$3,239
Due To Other Funds	-	-	7	541	953
Due To Component Units	-	-	-	-	-
Deferred Revenue	-	-	-	-	575
Total Liabilities	241	-	28	620	4,767

## Fund Balances:

Reserved for Debt Service	-	-	-	-	-
Reserved for Inventories	-	-	-	-	-
Reserved for Loans	-	-	-	-	-
Reserved for Continuing Appropriations	-	-	-	-	-
Unreserved, undesignated	1,192	314	638	7	22,982
Total Fund Balances	1,192	314	638	7	22,982
Total Liabilities and Fund Balances	\$1,433	\$314	\$666	\$627	\$27,749

	<b>Grant &amp; Loan Programs</b>	<b>Environmental Programs</b>	<b>Housing Programs</b>	<b>Other</b>	<b>Total</b>
Assets:					
Cash and Cash Equivalents	\$180,745	\$51,975	\$28,883	\$89,147	\$553,122
Investments:					
Other	-	24,123	-	-	24,123
Receivables:					
Taxes	-	-	-	-	37,859
Accounts, Net of Allowances	591	-	3,380	560	8,336
Loans, Net of Allowances	128,430	49,866	135,303	85	313,684
Interest	-	-	-	-	167
Federal Grants Receivable	-	-	-	-	14,094
Non Federal Grants Receivable	-	-	-	-	8,318
Due From Other Funds	-	36	-	10	25,475
Receivable From Other Governments	479	-	-	-	18,654
Inventories and Prepaid Items	-	-	-	-	13,142

	<b>Grant &amp; Loan Programs</b>	<b>Environmental Programs</b>	<b>Housing Programs</b>	<b>Other</b>	<b>Total</b>
Total Assets	\$310,245	\$126,000	\$167,566	\$89,802	\$1,016,974
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$16,208	\$2,117	\$97	\$6,785	\$55,012
Due To Other Funds	29	248	14	1,967	5,592
Due To Component Units	19,209	-	-	-	19,209
Deferred Revenue	558	-	3,365	1	29,593
Total Liabilities	36,004	2,365	3,476	8,753	109,406
Fund Balances:					
Reserved for Debt Service	-	-	-	-	-
Reserved for Inventories	-	-	-	-	13,142
Reserved for Loans	128,430	49,866	135,303	85	313,684
Reserved for Continuing Appropriations	-	-	-	-	55,243
Unreserved, undesignated	145,811	73,769	28,787	80,964	525,499
Total Fund Balances	274,241	123,635	164,090	81,049	907,568
Total Liabilities and Fund Balances	\$310,245	\$126,000	\$167,566	\$89,802	\$1,016,974

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# State of Connecticut

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Funds

June 30, 2001

(Expressed in Thousands)

	Transportation	Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance
Revenues:					
Taxes	\$516,109.00	\$-	\$-	\$-	\$-
Licenses, Permits and Fees	270,849	-	16,299	82	326
Tobacco Settlement	-	-	-	-	-
Intergovernmental	90,303	-	-	-	-
Charges for Services	34,154	15	1	-	-
Fines, Forfeits and Rents	22,970	-	184	27	-
Restricted Federal and Other Grants/Accounts	-	-	-	-	-
Investment Earnings	13,947	990	-	-	385
Miscellaneous	14,684	19,708	4	17,645	17,970
Total Revenues	963,016	20,713	16,488	17,754	18,681
Expenditures:					
Current:	100	105	110	115	116
Legislative	-	-	-	-	-
General Government	2,128	-	-	-	-
Regulation and Protection	67,907	20,696	13,061	16,499	19,417
Conservation & Development	-	-	-	-	-
Health & Hospitals	-	-	-	-	-
Transportation	490,100	-	-	-	-
Human Services	-	-	-	-	-
Education, Libraries, and Museums	-	-	-	-	-
Corrections	-	-	-	-	-
Judicial	-	-	-	-	-
Restricted Federal and Other Grants/Accounts	-	-	-	-	-
Debt Service:					
Principal Retirement	24,728	-	-	-	-
Interest and Fiscal Charges	6,990	-	-	-	-
Advance Refunding Escrow	-	-	-	-	-
Total Expenditures	591,853	20,696	13,061	16,499	19,417
Excess (Deficiency) of Revenues					
Over Expenditures	371,163	17	3,427	1,255	(736)
Other Financing Sources (Uses):	100	105	110	115	116
Proceeds from Sale of Bonds	-	-	-	-	-
Non Cash Bond Issues	-	-	-	-	-
Operating Transfers In	30,848	-	-	-	-
Operating Transfers Out	(368,146)	-	-	-	-
Capital Lease Obligations	-	-	-	6	-
Total Other Financing Sources (Uses)	(337,298)	-	-	6	-
Excess (Deficiency) of Revenues and Other					
Sources Over Expenditures and Other Uses	33,865	17	3,427	1,261	(736)
Fund Balances (deficit) - July 1 (as restated)	168,222	12,875	18,522	(2,221)	4,829
Equity Transfer to Component Units	-	-	-	-	-

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Funds

June 30, 2001

(Expressed in Thousands)

	Transportation	Workers' Compensation	Banking	Consumer Counsel and Public Utility Control	Insurance
Equity Transfer Out	-	-	-	-	-
Changes in Reserves for Inventories	(641)	-	-	-	-
Fund Balances (deficit) - June 30	\$201,446	\$12,892	\$21,949	\$(960)	\$4,093

	Criminal Injuries	Mashantucket Pequot and Mohegan Fund	Regional Market	Soldiers, Sailors & Marines	Employment Security Administration
Revenues:					
Taxes	\$-	\$-	\$-	\$-	\$-
Licenses, Permits and Fees	1,831	-	28	-	1
Tobacco Settlement	-	-	-	-	-
Intergovernmental	-	-	-	-	79,782
Charges for Services	-	-	-	-	-
Fines, Forfeits and Rents	-	-	824	-	-
Restricted Federal and Other Grants/Accounts	-	-	-	-	-
Investment Earnings	54	-	35	-	834
Miscellaneous	58	-	27	-	519
Total Revenues	1,943	-	914	-	81,136
Expenditures:					
Current:	117	118	120	130	140
Legislative	-	-	-	-	-
General Government	-	130,095	-	179	-
Regulation and Protection	-	-	-	-	83,285
Conservation & Development	-	-	616	-	-
Health & Hospitals	-	-	-	-	-
Transportation	-	-	-	-	-
Human Services	-	-	-	2,944	-
Education, Libraries, and Museums	-	-	-	-	-
Corrections	-	-	-	-	-
Judicial	1,566	-	-	-	-
Restricted Federal and Other Grants/Accounts	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	50	-	-
Interest and Fiscal Charges	-	-	120	-	-
Advance Refunding Escrow	-	-	-	-	-
Total Expenditures	1,566	130,095	786	3,123	83,285
Excess (Deficiency) of Revenues					
Over Expenditures	377	(130,095)	128	(3,123)	(2,149)
Other Financing Sources (Uses):	117	118	120	130	140
Proceeds from Sale of Bonds	-	-	-	-	-
Non Cash Bond Issues	-	-	-	-	-
Operating Transfers In	-	85,400	-	3,465	5,159
Operating Transfers Out	-	-	-	(374)	-

	<b>Criminal Injuries</b>	<b>Mashantucket Pequot and Mohegan Fund</b>	<b>Regional Market</b>	<b>Soldiers, Sailors &amp; Marines</b>	<b>Employment Security Administration</b>
Capital Lease Obligations	-	-	-	-	-
Total Other Financing Sources (Uses)	-	85,400	-	3,091	5,159
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	377	(44,695)	128	(32)	3,010
Fund Balances (deficit) - July 1 (as restated)	815	45,009	510	39	19,972
Equity Transfer to Component Units	-	-	-	-	-
Equity Transfer Out	-	-	-	-	-
Changes in Reserves for Inventories	-	-	-	-	-
Fund Balances (deficit) - June 30	\$1,192	\$314	\$638	\$7	\$22,982

	<b>Grant &amp; Loan Programs</b>	<b>Environmental Programs</b>	<b>Housing Programs</b>	<b>Other</b>	<b>Total</b>
Revenues:					
Taxes	\$-	\$13,345.00	\$-	\$-	\$529,454
Licenses, Permits and Fees	-	13,366	-	38,454	341,236
Tobacco Settlement	-	-	-	112,535	112,535
Intergovernmental	979	7	-	-	171,071
Charges for Services	-	1,778	-	17	35,965
Fines, Forfeits and Rents	-	533	-	-	24,538
Restricted Federal and Other Grants/Accounts	-	-	-	-	-
Investment Earnings	3,833	1,693	1,126	1,855	24,752
Miscellaneous	7,839	427	2,246	1,775	82,902
Total Revenues	12,651	31,149	3,372	154,636	1,322,453
Expenditures:					
Current:	160	165	170	180	
Legislative	-	-	-	-	-
General Government	110,083	2,402	-	8,335	253,222
Regulation and Protection	1,102	-	-	33,038	255,005
Conservation & Development	172,082	58,242	15,254	4,195	250,389
Health & Hospitals	1,329	-	-	9,092	10,421
Transportation	4,255	-	-	31	494,386
Human Services	9,222	-	172	2,210	14,548
Education, Libraries, and Museums	110,951	-	-	25,913	136,864
Corrections	3,450	-	-	9,912	13,362
Judicial	-	-	-	10,080	11,646
Restricted Federal and Other Grants/Accounts	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	24,778
Interest and Fiscal Charges	-	245	-	-	7,355
Advance Refunding Escrow	-	-	-	-	-
Total Expenditures	412,474	60,889	15,426	102,806	1,471,976
Excess (Deficiency) of Revenues Over Expenditures	(399,823)	(29,740)	(12,054)	51,830	(149,523)
Other Financing Sources (Uses):	160	165	170	180	
Proceeds from Sale of Bonds	429,201	10,174	25,934	35,901	501,210
Non Cash Bond Issues	-	10,399	-	-	10,399
Operating Transfers In	1,197	3,000	-	53,668	182,737
Operating Transfers Out	(4,912)	(17,431)	(692)	(159,791)	(551,346)

	<b>Grant &amp; Loan Programs</b>	<b>Environmental Programs</b>	<b>Housing Programs</b>	<b>Other</b>	<b>Total</b>
Capital Lease Obligations	-	8	-	-	14
Total Other Financing Sources (Uses)	425,486	6,150	25,242	(70,222)	143,014
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	25,663	(23,590)	13,188	(18,392)	(6,509)
Fund Balances (deficit) - July 1 (as restated)	260,915	153,725	150,902	99,441	933,555
Equity Transfer to Component Units	(12,337)	-	-	-	(12,337)
Equity Transfer Out	-	(6,500)	-	-	(6,500)
Changes in Reserves for Inventories	-	-	-	-	(641)
Fund Balances (deficit) - June 30	\$274,241	\$123,635	\$164,090	\$81,049	\$907,568

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# State of Connecticut

## Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Non-GAAP Budgetary Basis Budgeted Special Revenue Funds

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Transportation			Workers' Compensation			Banking		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Budgeted									
Taxes, Net of Refunds	\$513,500	\$516,073	\$2,573	\$-	\$-	\$-	\$-	\$-	\$-
Operating Transfers In	-	-	-	-	-	-	-	-	-
Licenses, Permits, and Fees	311,500	311,564	64	-	-	-	14,600	16,488	1,888
Other	43,900	43,888	(12)	16,300	20,713	4,413	-	-	-
Federal Grants	3,300	3,305	5	-	-	-	-	-	-
Operating Transfers Out	(3,000)	(3,000)	-	-	-	-	-	-	-
Total Budgeted	869,200	871,830	2,630	16,300	20,713	4,413	14,600	16,488	1,888
Federal and Other Restricted	291,909	92,340	(199,569)	-	-	-	-	-	-
Total Revenues	1,161,109	964,170	(196,939)	16,300	20,713	4,413	14,600	16,488	1,888
Expenditures:									
Budgeted									
General Government	2,142	2,127	15	-	-	-	-	-	-
Regulation and Protection	65,676	53,515	12,161	22,360	20,772	1,588	14,422	13,105	1,317
Conservation and Development	-	-	-	-	-	-	-	-	-
Transportation	370,165	327,044	43,121	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-
Non Functional	473,534	461,379	12,155	-	-	-	-	-	-
Total Budgeted	911,517	844,065	67,452	22,360	20,772	1,588	14,422	13,105	1,317
Federal and Other Restricted	291,909	92,340	199,569	-	-	-	-	-	-
Total Expenditures	1,203,426	936,405	267,021	22,360	20,772	1,588	14,422	13,105	1,317
Appropriations Lapsed	12,703	-	(12,703)	-	-	-	-	-	-
Excess (Deficiency) of Revenues									
Over Expenditures	(29,614)	27,765	57,379	(6,060)	(59)	6,001	178	3,383	3,205
Other Financing Sources (Uses):									
Prior Year Appropriations Carried Forward	72,300	72,300	-	-	-	-	-	-	-
Appropriations Continued to Fiscal Year 2001-2002	-	(54,748)	(54,748)	-	-	-	-	(355)	(355)
Miscellaneous Adjustments	-	182	182	-	-	-	-	-	-
Total Other Financing Sources (Uses)	72,300	17,734	(54,566)	-	-	-	-	(355)	(355)
Excess (Deficiency) of Revenues and Other									
Sources Over Expenditures and Other Uses	\$42,686	45,499	\$2,813	\$(6,060)	(59)	\$6,001	\$178	3,028	\$2,850
Budgetary Fund Balances - July 1		349,467			13,637			19,057	
Changes in Reserves		(4,928)			-			355	
Budgetary Fund Balances - June 30		\$390,038			\$13,578			\$22,440	

### Consumer Counsel & Public Utility Control

#### Budget

#### Actual

#### Variance

### Insurance

#### Budget

#### Actual

#### Variance

Revenues:



	Consumer Counsel & Public Utility Control			Insurance		
	Budget	Actual	Variance	Budget	Actual	Variance
Budgeted						
Taxes, Net of Refunds	\$-	\$-		\$-	\$-	\$-
Operating Transfers In	-	-	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-	-	-
Other	19,600	17,463	(2,137)	19,200	18,690	(510)
Federal Grants	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Total Budgeted	19,600	17,463	(2,137)	19,200	18,690	(510)
Federal and Other Restricted	-	-	-	-	-	-
Total Revenues	19,600	17,463	(2,137)	19,200	18,690	(510)
Expenditures:						
Budgeted						
General Government	-	-	-	-	-	-
Regulation and Protection	19,451	17,770	1,681	19,423	18,599	824
Conservation and Development	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Non Functional	-	-	-	-	-	-
Total Budgeted	19,451	17,770	1,681	19,423	18,599	824
Federal and Other Restricted	-	-	-	-	-	-
Total Expenditures	19,451	17,770	1,681	19,423	18,599	824
Appropriations Lapsed	-	-	-	-	-	-
Excess (Deficiency) of Revenues						
Over Expenditures	149	(307)	(456)	(223)	91	314
Other Financing Sources (Uses):						
Prior Year Appropriations Carried Forward	-	-	-	400	400	-
Appropriations Continued to Fiscal Year 2001-2002	-	-	-	-	(140)	(140)
Miscellaneous Adjustments	-	-	-	-	(158)	(158)
Total Other Financing Sources (Uses)	-	-	-	400	102	(298)
Excess (Deficiency) of Revenues and Other						
Sources Over Expenditures and Other Uses	\$149	(307)	\$(456)	\$177	193	\$16
Budgetary Fund Balances - July 1		6,231			9,376	
Changes in Reserves		-			(260)	
Budgetary Fund Balances - June 30		\$5,924			\$9,309	

	Criminal Injuries Commission			Mashantucket Pequot and Mohegan Fund			Regional Market		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Budgeted									
Taxes, Net of Refunds	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Operating Transfers In	-	-	-	82,400	85,400	3,000	-	-	-
Licenses, Permits, and Fees	-	-	-	-	-	-	-	-	-
Other	2,500	1,942	(558)	-	-	-	900	914	14
Federal Grants	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-
Total Budgeted	2,500	1,942	(558)	82,400	85,400	3,000	900	914	14

	<b>Criminal Injuries Commission</b>			<b>Mashantucket Pequot and Mohegan Fund</b>			<b>Regional Market</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Federal and Other Restricted	-	-	-	-	-	-	-	-	-
Total Revenues	2,500	1,942	(558)	82,400	85,400	3,000	900	914	14
Expenditures:									
Budgeted									
General Government	-	-	-	-	-	-	-	-	-
Regulation and Protection	1,900	1,628	272	-	-	-	-	-	-
Conservation and Development	-	-	-	-	-	-	645	618	27
Transportation	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-
Non Functional	-	-	-	130,400	130,095	305	172	170	2
Total Budgeted	1,900	1,628	272	130,400	130,095	305	817	788	29
Federal and Other Restricted	-	-	-	-	-	-	-	-	-
Total Expenditures	1,900	1,628	272	130,400	130,095	305	817	788	29
Appropriations Lapsed	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	600	314	(286)	(48,000)	(44,695)	3,305	83	126	43
Other Financing Sources (Uses):									
Prior Year Appropriations Carried Forward	-	-	-	-	-	-	-	-	-
Appropriations Continued to Fiscal Year 2001- 2002	-	-	-	-	-	-	-	-	-
Miscellaneous Adjustments	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$600	314	\$(286)	\$(48,000)	(44,695)	\$3,305	\$83	126	\$43
Budgetary Fund Balances - July 1		1,119			45,009			540	
Changes in Reserves		-			-			-	
Budgetary Fund Balances - June 30		\$1,433			\$314			\$666	

	<b>Soldiers, Sailors, and Marines</b>			<b>Total</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues:						
Budgeted						
Taxes, Net of Refunds		\$-	\$-	\$-	\$513,500	\$516,073
Operating Transfers In		-	-	-	82,400	85,400
Licenses, Permits, and Fees		-	-	-	326,100	328,052
Other	3,400	3,465	65	105,800	107,075	1,275
Federal Grants		-	-	3,300	3,305	5
Operating Transfers Out		-	-	(3,000)	(3,000)	-
Total Budgeted	3,400	3,465	65	1,028,100	1,036,905	8,805
Federal and Other Restricted		-	-	291,909	92,340	(199,569)
Total Revenues	3,400	3,465	65	1,320,009	1,129,245	(190,764)
Expenditures:						
Budgeted						
General Government		252	153	99	2,394	2,280
Regulation and Protection		-	-	-	143,232	125,389

	Soldiers, Sailors, and Marines			Total		
	Budget	Actual	Variance	Budget	Actual	Variance
Conservation and Development	-	-	-	645	618	27
Transportation	-	-	-	370,165	327,044	43,121
Human Services	3,135	2,938	197	3,135	2,938	197
Non Functional	-	-	-	604,106	591,644	12,462
Total Budgeted	3,387	3,091	296	1,123,677	1,049,913	73,764
Federal and Other Restricted	-	-	-	291,909	92,340	199,569
Total Expenditures	3,387	3,091	296	1,415,586	1,142,253	273,333
Appropriations Lapsed	-	-	-	12,703	-	(12,703)
Excess (Deficiency) of Revenues						
Over Expenditures	13	374	361	(82,874)	(13,008)	69,866
Other Financing Sources (Uses):						
Prior Year Appropriations Carried Forward	-	-	-	72,700	72,700	-
Appropriations Continued to Fiscal Year 2001-2002	-	-	-	-	(55,243)	(55,243)
Miscellaneous Adjustments	-	(374)	(374)	-	(350)	(350)
Total Other Financing Sources (Uses)	-	(374)	(374)	72,700	17,107	(55,593)
Excess (Deficiency) of Revenues and Other						
Sources Over Expenditures and Other Uses	\$13	-	\$(13)	\$(10,174)	4,099	\$14,273
Budgetary Fund Balances - July 1		100			444,536	
Changes in Reserves		-			(4,833)	
Budgetary Fund Balances - June 30		\$100			\$443,802	

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# State of Connecticut

## Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure (other than those financed by proprietary funds, trust funds, and higher education funds). Significant Capital Projects Funds are described as follows:

### *State Facilities:*

to account for proceeds of bond issues and other sources and the subsequent expenditures for the construction of various state buildings and structures.

### *Infrastructure:*

to account for the proceeds of bond issues and related capital project grants to finance the State's transportation infrastructure program over a ten-year period. This program encompasses the planning, acquisition, removal, construction, equipping, reconstruction, repair, rehabilitation and improvement of, and acquisition of easements and rights-of-way with respect to, State highways and bridges, projects on the interstate highway system, alternate highway projects in the interstate substitution program (the "interstate trade-in program"), waterway facilities, aeronautic facilities (excluding Bradley International Airport), the highway safety program, maintenance garages and administrative facilities of the Department, payment of the State's share of the costs of the local bridge program and payment of State contributions to the local bridge revolving fund.

### *Other Transportation:*

to account for the proceeds of bond issues and related grants to be used for other transportation related capital projects.

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# State of Connecticut

## Combining Balance Sheet Capital Projects Funds

June 30, 2001

(Expressed in Thousands)

	State Facilities	Infrastructure	Transportation	Total
<b>Assets:</b>				
Cash and Cash Equivalents	\$85,037	\$57,306	\$8,532	\$150,875
Receivables:				
Accounts, Net of Allowances	5	2,265	-	2,270
Federal Grants Receivable	-	9,732	-	9,732
Due From Other Funds	13,678	-	-	13,678
Receivable From Other Governments	-	50,675	-	50,675
Total Assets	\$98,720	\$119,978	\$8,532	227,230
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$32,498	\$76,765	\$-	109,263
Due To Other Funds	47,043	942	-	47,985
Deferred Revenue	5	1,542	-	1,547
Total Liabilities	79,546	79,249	-	158,795
<b>Fund Balances:</b>				
Unreserved, undesignated	19,174	40,729	8,532	68,435
Total Fund Balances	19,174	40,729	8,532	68,435
Total Liabilities and Fund Balances	\$98,720	\$119,978	\$8,532	\$227,230

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# State of Connecticut

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital Projects Funds

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	State Facilities	Infrastructure	Transportation	Total
<b>Revenues:</b>				
Intergovernmental	\$261	\$391,463	\$411	\$392,135
Investment Earnings	-	-	-	-
Miscellaneous	806	-	-	806
Total Revenues	1,067	391,463	411	392,941
<b>Expenditures:</b>				
Capital Projects	143,459	576,783	130	720,372
Total Expenditures	143,459	576,783	130	720,372
Excess (Deficiency) of Revenues Over Expenditures	(142,392)	(185,320)	281	(327,431)
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Bonds	483,512	225,639	-	709,151
Operating Transfers Out	(134,280)	(14,603)	-	(148,883)
Total Other Financing Sources (Uses)	349,232	211,036	-	560,268
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	206,840	25,716	281	232,837
Fund Balances (deficits) - July 1 (as restated)	(193,250)	15,013	8,251	(169,986)
Equity Transfer In	5,584	-	-	5,584
Fund Balances (deficit) - June 30	\$19,174	\$40,729	\$8,532	\$68,435

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# State of Connecticut

## Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Significant Enterprise Funds of the State of Connecticut are described as follows:

### ***Rental Housing Fund:***

The Rental Housing Fund is used to account for the financing of various housing programs offered by the State from bond proceeds and the retirement of such obligations. Revenue is received from interest earned on program loans and investment income.

### ***Bradley Airport Operations:***

The airport is owned by the State of Connecticut and is operated by the Bureau of Aeronautics of the State of Connecticut, Department of Transportation. In 1982, the State issued the Airport, 1982 series, Revenue Bonds in the aggregate principal amount of \$100,000,000. The bonds were refunded in 1992 with the issuance of \$94,065,000 in refunding bonds. The refunding bonds are secured by and payable solely from the gross operating revenues generated by the State from the operations of the Airport and other receipts, funds or monies pledged in the Indenture. In 2000, Bradley parking garage bonds were issued in the amount of \$53,800,000. These bonds were issued to build a parking garage at the airport.

### ***John Dempsey Hospital:***

Accounts for the assets, liabilities, revenues and expenses of the Hospital including the Dental Clinics. The Governor appoints the Board of Trustees of the University of Connecticut Health Center, including the Hospital. The Hospital's fiscal year has been changed from the period ending September 30th to June 30th beginning this fiscal year.

### ***The Connecticut Lottery Corporation:***

The Connecticut Lottery Corporation, a public instrumentality and political subdivision of the State of Connecticut was created on July 1, 1996 for the purpose of generating revenues for the State of Connecticut's General Fund through the operation of a lottery.

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# State of Connecticut

## Combining Balance Sheet Enterprise Funds

June 30, 2001

(Expressed in Thousands)

	Rental Housing	Bradley Airport Operations	John Dempsey Hospital	Connecticut Lottery Corporation	Other	Total
<b>Assets:</b>						
Cash and Cash Equivalents	\$25,791	\$13,684	\$19	\$28,363	\$665	\$68,522
Investments:						
Other	57,719	-	-	511,215	-	568,934
Receivables:						
Accounts, Net of Allowances	-	4,425	31,581	9,222	93	45,321
Loans, Net of Allowances	80,006	-	-	-	-	80,006
Interest	1,034	-	-	18,973	-	20,007
Federal Grants Receivable	-	1,677	-	-	-	1,677
Due From Other Funds	-	-	1,061	-	-	1,061
Receivable From Other Governments	-	-	-	-	-	-
Inventories and Prepaid Items	-	114	5,378	320	123	5,935
Restricted Assets	-	275,952	10,832	-	18,536	305,320
Property, Plant & Equipment	-	170,492	43,283	2,658	33,524	249,957
Other Assets	-	7,628	-	5,898	2,398	15,924
Total Assets	\$164,550	\$473,972	\$92,154	\$576,649	\$55,339	\$1,362,664
<b>Liabilities and Equity:</b>						
<b>Liabilities:</b>						
Accounts Payable and Accrued Liabilities	\$2,114	\$12,202	\$22,601	\$111,738	\$1,930	\$150,585
Due To Other Funds	-	2,475	1,061	11,245	8	14,789
Deferred Revenue	-	-	-	384	-	384
Malpractice Liability	-	-	9,551	-	-	9,551
Revenue Bonds	81,820	285,115	1,109	-	53,982	422,026
Compensated Absences	-	-	6,724	-	32	6,756
Long Term Annuities Payable	-	-	-	451,339	-	451,339
Total Liabilities	83,934	299,792	41,046	574,706	55,952	1,055,430
<b>Equity:</b>						
Contributed Capital	-	107,972	-	-	350	108,322
<b>Retained Earnings:</b>						
Reserved for Lottery Operations	-	-	-	1,943	-	1,943
Reserved for Airport Operations	-	28,610	-	-	-	28,610
Unreserved	80,616	37,598	51,108	-	(963)	168,359
Total Retained Earnings	80,616	66,208	51,108	1,943	(963)	198,912
Total Equity	80,616	174,180	51,108	1,943	(613)	307,234
Total Liabilities and Equity	\$164,550	\$473,972	\$92,154	\$576,649	\$55,339	\$1,362,664

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# State of Connecticut

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings Enterprise Funds

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Rental Housing	Bradley Airport Operations	John Dempsey Hospital (9 months)	Connecticut Lottery Corporation	Other	Total
<b>Operating Revenues:</b>						
Charges for Services	\$-	\$41,196	\$-	\$-	\$17,869	\$59,065
Interest on Loans	642	-	-	-	-	642
Patient Service Revenue	-	-	94,359	-	-	94,359
Lottery Sales	-	-	-	839,712	-	839,712
Miscellaneous	-	-	5,640	-	-	5,640
Total Operating Revenues	642	41,196	99,999	839,712	17,869	999,418
<b>Operating Expenses:</b>						
Administrative	152	24,688	22,481	9,735	2,572	59,628
Cost of Sales & Services	-	-	-	575,182	14,136	589,318
Personal Services	-	-	-	-	-	-
Depreciation and Amortization	1	9,915	4,158	984	970	16,028
Interest on Debt	4,588	-	-	-	-	4,588
Patient Care	-	-	74,705	-	-	74,705
Other	-	-	1,233	3,782	8	5,023
Total Operating Expenses	4,741	34,603	102,577	589,683	17,686	749,290
Operating Income (Loss)	(4,099)	6,593	(2,578)	250,029	183	250,128
<b>Nonoperating Revenues (Expenses):</b>						
Interest and Investment Income	5,917	7,343	-	39,665	1,771	54,696
Interest and Fiscal Charges	-	(8,291)	-	(38,307)	(3,582)	(50,180)
Other	-	4,825	-	298	-	5,123
Total Nonoperating Income (Expense)	5,917	3,877	-	1,656	(1,811)	9,639
Income (Loss) Before Operating Transfers	1,818	10,470	(2,578)	251,685	(1,628)	259,767
<b>Operating Transfers:</b>						
Operating Transfers In	14,074	-	-	-	-	14,074
Operating Transfers Out	-	-	-	(252,003)	-	(252,003)
Net Income (Loss)	15,892	10,470	(2,578)	(318)	(1,628)	21,838
Retained Earnings - July 1 (as restated)	64,724	55,738	53,686	2,261	665	177,074
Retained Earnings - June 30	\$80,616	\$66,208	\$51,108	\$1,943	\$(963)	\$198,912

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# State of Connecticut

## Combining Statement of Cash Flows Enterprise Funds

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Rental Housing	Bradley Airport Operations	John Dempsey Hospital (9 months)	Connecticut Lottery Corporation	Other	Total
Cash Flows From Operating Activities:						
Operating Income (Loss)	\$(4,099)	\$6,593	\$(2,578)	\$250,029	\$183	\$250,128
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Amortization and Depreciation	1	9,915	4,158	984	970	16,028
Provision for Loan Losses	140	-	1,710	411	-	2,261
Investment Income	-	-	-	-	-	-
Interest Expense	4,588	-	-	-	-	4,588
Changes in Assets and Liabilities:						
(Increase) Decrease in Receivables	8,060	32	(4,773)	2,774	57	6,150
(Increase) Decrease in Due From Other Funds	-	-	(82)	-	-	(82)
(Increase) Decrease in Receivable From Other Governments	331	(967)	-	-	-	(636)
(Increase) Decrease in Inventories and Prepaid Items	-	(6)	(931)	305	(24)	(656)
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(417)	3,873	17,223	(5,728)	(633)	14,318
Increase (Decrease) in Due To Other Funds	-	-	-	11,245	19	11,264
Issuance of Loans	-	-	-	-	-	-
Collection of Loans	2,209	-	-	-	-	2,209
Miscellaneous Operating Activities	-	(796)	436	716	103	459
Net Cash Provided by (Used in) Operating Activities	10,813	18,644	15,163	260,736	675	306,031
Cash Flows From Noncapital Financing Activities:						
Retirement of Bonds and Notes Payable	(13,977)	-	-	(32,823)	-	(46,800)
Interest on Bonds and Notes Payable	(5,007)	-	-	(38,307)	-	(43,314)
Transfers From Other Funds	14,074	-	-	-	-	14,074
Transfers To Other Funds	-	-	-	(252,003)	-	(252,003)
Net Cash Provided by (Used in) Noncapital Financing Activities	(4,910)	-	-	(323,133)	-	(328,043)
Cash Flows From Capital And Related Financing Activities:						
Purchase of Fixed Assets	-	(32,793)	(3,123)	(277)	(20,407)	(56,600)
Proceeds From Sale of Bonds and Notes	-	213,180	-	-	-	213,180
Retirement of Bonds Payable	-	(6,785)	-	-	-	(6,785)
Interest on Bonds and Notes Payable	-	(5,055)	-	-	(3,582)	(8,637)
Capital Contributions or Grants	-	4,098	-	-	-	4,098
Miscellaneous Capital and Related Financing Activities-Deletions	-	-	(21)	-	-	(21)
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	172,645	(3,144)	(277)	(23,989)	145,235
Cash Flows From Investing Activities:						
Proceeds From Sale of Investment Securities	-	-	-	32,603	20,329	52,932
Purchase of Investment Securities	(1,295)	(225,681)	(2,196)	(5,209)	-	(234,381)
Interest and Income on Investments	-	4,878	-	39,666	1,771	46,315
Net Cash Provided by (Used in) Investing Activities	(1,295)	(220,803)	(2,196)	67,060	22,100	(135,134)
Increase (Decrease) in Cash	4,608	(29,514)	9,823	4,386	(1,214)	(11,911)
Cash and Cash Equivalents, July 1, as restated	21,183	119,906	-	23,977	3,737	168,803
Cash and Cash Equivalents, June 30	\$25,791	\$90,392	\$9,823	\$28,363	\$2,523	\$156,892





# State of Connecticut

## Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governments, on a cost-reimbursement basis. The following operations are included in these funds:

### *Correction Industries:*

to account for the revenues and expenses associated with the sale of goods resulting from the industrial activities of the inmates at correctional institutions.

### *Administrative Services:*

to account for the various services provided by the Department of Administrative Services to other agencies. For example, fleet operations, printing, etc.

### *Information Technology:*

to account for the various services provided by the Department of Information Technology to other agencies. For example, information systems support, telecommunications, etc.

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# State of Connecticut

## Combining Balance Sheet Internal Service Funds

June 30, 2001

(Expressed in Thousands)

	Correction Industries	Information & Technology	Administrative Services	Total
<b>Assets:</b>				
Cash and Cash Equivalents	\$5,724	\$9,706	\$2	\$15,432
Receivables:				
Accounts, Net of Allowances	-	4,699	3,870	8,569
Due From Other Funds	634	2,735	406	3,775
Inventories and Prepaid Items	4,021	377	925	5,323
Property, Plant & Equipment	2,279	3,837	44,092	50,208
Other Assets	-	524	45	569
Total Assets	\$12,658	\$21,878	\$49,340	\$83,876
<b>Liabilities and Equity:</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$968	\$3,096	\$27,559	31,623
Due To Other Funds	3	294	93	390
Advances From Other Funds	4,950	-	-	4,950
Deferred Revenue	-	-	353	353
Compensated Absences	566	3,685	1,177	5,428
Total Liabilities	6,487	7,075	29,182	42,744
<b>Equity:</b>				
Contributed Capital	280	1,100	-	1,380
Retained Earnings:				
Unreserved	5,891	13,703	20,158	39,752
Total Equity	6,171	14,803	20,158	41,132
Total Liabilities and Equity	\$12,658	\$21,878	\$49,340	\$83,876

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# State of Connecticut

## Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Internal Service Funds

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Correction Industries	Information & Technology	Administrative Services	Total
<b>Operating Revenues:</b>				
Charges for Services	\$21,688	\$77,083	\$31,291	\$130,062
Investment Earnings	264	-	-	264
Miscellaneous	70	-	-	70
Total Operating Revenues	22,022	77,083	31,291	130,396
<b>Operating Expenses:</b>				
Cost of Sales and Services	17,011	42,650	3,582	63,243
Administrative	2,992	33,361	11,530	47,883
Depreciation and Amortization	477	4,275	16,814	21,566
Total Operating Expenses	20,480	80,286	31,926	132,692
Operating Income (Loss)	1,542	(3,203)	(635)	(2,296)
Net Income (Loss)	1,542	(3,203)	(635)	(2,296)
Retained Earnings - July 1 (as restated)	4,349	16,906	20,793	42,048
Retained Earnings - June 30	\$5,891	\$13,703	\$20,158	\$39,752

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# State of Connecticut

## Combining Statement of Cash Flows Internal Service Funds

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Correction Industries	Information & Technology	Administrative Services	Total
<b>Cash Flows From Operating Activities:</b>				
Operating Income (Loss)	\$(1,542)	\$(3,203)	\$(635)	\$(2,296)
Adjustments to Reconcile Operating Income to Net				
Cash Provided by (Used in) Operating Activities:				
Investment Income	(264)	-	-	(264)
Amortization and Depreciation	477	4,275	16,814	21,566
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	648	(1,564)	(1,860)	(2,776)
(Increase) Decrease in Due From Other Funds	(551)	(993)	1,311	(233)
(Increase) Decrease in Inventories and Prepaid Items	(1,012)	(175)	134	(1,053)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(116)	155	6,043	6,082
Increase (Decrease) in Due To Other Funds	(1)	114	9	122
Miscellaneous Operating Activities	(1,762)	(572)	487	(1,847)
Net Cash Provided by (Used in) Operating Activities	(1,039)	(1,963)	22,303	19,301
<b>Cash Flows From Capital And Related Financing Activities:</b>				
Purchase of Fixed Assets	(247)	(2,012)	(22,303)	(24,562)
Net Cash Provided by (Used in) Capital and				
Related Financing Activities	(247)	(2,012)	(22,303)	(24,562)
<b>Cash Flows From Investing Activities:</b>				
Interest on Investments	264	-	-	264
Net Cash Provided by (Used in) Investing Activities	264	-	-	264
Increase (Decrease) in Cash	(1,022)	(3,975)	-	(4,997)
Cash and Cash Equivalents, July 1	6,746	13,681	2	20,429
Cash and Cash Equivalents, June 30	\$5,724	\$9,706	\$2	\$15,432

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# State of Connecticut

## Fiduciary Funds

Trust and Agency Funds are maintained to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations or other funds. These Fiduciary Funds include expendable trust, nonexpendable trust, pension trust, investment trust, and agency funds. Significant Trust and Agency Funds of the State are described as follows:

### Trust Funds

***Employment Security:***

to account for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

***Special Assessment:***

to account for assessments levied on employers and used to pay principal and interest on unemployment compensation debt.

***Retired Teachers' Health Benefits Plan:***

to account for resources used to provide health benefits to retired teachers and their beneficiaries. The plan is administered by the Teachers' Retirement Board.

***Second Injury and Compensation Assurance:***

an extension of the Worker's Compensation Act, the fund is currently used to pay claimants whose injuries are made more severe because of a pre-existing condition, and in cases where an injured worker receiving worker's compensation subsequently undergoes an incapacitating relapse.

***Clean Water:***

to account for resources used to provide loans to municipalities to finance waste water treatment projects.

***Drinking Water:***

to account for resources used to provide loans to municipalities to finance activities needed to achieve or maintain compliance with the Safe Drinking Water Act.

***Soldiers', Sailors', and Marines':***

to account for the principal and interest earned on investments of this fund. Interest earned has been earmarked by the General Assembly for the benefit of resident veterans to provide such things as food, wearing apparel, medical or surgical aid, care and relief or funeral benefits.

***Pension:***

See notes 9 and 10 for a description of the Pension Funds.

***External Investment Pool:***

to account for the portion of the Short-Term Investment Fund that belongs to participants that are not part of the State's financial reporting entity.

## Agency Funds

***Securities Held for Others:***

to account for securities that are held by the State Treasurer for insurance companies and individuals under insurance and escheat laws of the State.



# State of Connecticut

## Combining Balance Sheet Fiduciary Funds

June 30, 2001

(Expressed in Thousands)

	Employment Security	Special Assessment	Expendable Trust Retired Teachers' Health Benefits Plan	Second Injury & Compensation Assurance	Other
<b>Assets:</b>					
Assets:					
Cash and Cash Equivalents	\$-	\$2,374	\$11,725	\$24,604	\$43,254
Investments:					
Equity in Combined Investment Fund	-	-	-	-	17,771
External Investment Pool	-	-	-	-	-
Other	-	34,534	-	72,856	-
Securities Lending Collateral	-	-	-	-	743
Receivables:					
Accounts, Net of Allowances	79,518	4,907	-	9,931	-
Loans, Net of Allowances	-	-	-	-	-
Interest	-	-	-	313	17
Federal Grants Receivable	-	-	-	-	-
Deposits with U.S. Treasury	733,670	-	-	-	-
Due From Other Funds	34,092	-	1,576	-	431
Receivable From Other Governments	2,271	-	-	-	-
Inventories and Prepaid Items	-	-	4,654	19	-
Restricted Assets	-	-	-	-	-
Other Assets	-	-	-	-	-
Total Assets	\$849,551	\$41,815	\$17,955	\$107,723	\$62,216
Liabilities and Equity:					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$65	\$-	\$-	\$12,876	\$40
Due To Other Funds	5,187	33,570	-	-	-
Payable To Other Governments	-	-	-	-	-
Deferred Revenue	7,025	4,183	-	8,360	-
Premiums on Bonds Sold	-	-	-	-	-
Agency Deposit Liabilities	-	-	-	-	-
Revenue Bonds	-	-	-	-	-
Securities Lending Obligation	-	-	-	-	743
Total Liabilities	12,277	37,753	-	21,236	783
Fund Balances:					
Reserved Trust Activities	-	-	-	-	-
Reserved For Employees' Pension Benefits	-	-	-	-	-
Reserved For Pool Participants	-	-	-	-	-
Unreserved, undesignated	837,274	4,062	17,955	86,487	61,433
Total Fund Balances	837,274	4,062	17,955	86,487	61,433
Total Liabilities and Fund Balances	\$849,551	\$41,815	\$17,955	\$107,723	\$62,216

	Nonexpendable Trust					External		Total
	Clean Water Fund	Drinking Water Fund	Soldiers, Sailors, & Marines	Other	Pension	Investment Pool	Agency	
<b>Assets:</b>								
Assets:								
Cash and Cash Equivalents	\$1,019	\$13	\$-	\$5,137	\$278	\$-	\$151,702	\$240,106
Investments:								
Equity in Combined Investment Fund	-	-	57,510	27,365	20,489,973	-	-	20,592,619
External Investment Pool	-	-	-	-	-	1,416,686	-	1,416,686
Other	-	-	-	-	-	-	3,037	110,427
Securities Lending Collateral	-	-	5,830	2,103	1,475,003	-	-	1,483,679
Receivables:								
Accounts, Net of Allowances	-	-	-	-	15,283	-	2,523	112,162
Loans, Net of Allowances	572,630	18,788	-	-	-	-	51	591,469
Interest	8,058	322	-	10	1,452	2,146	342	12,660
Federal Grants Receivable	209	-	-	-	-	-	-	209
Deposits with U.S. Treasury	-	-	-	-	-	-	-	733,670
Due From Other Funds	-	-	527	3	4,811	-	4,990	46,430
Receivable From Other Governments	-	-	-	-	1,203	-	-	3,474
Inventories and Prepaid Items	-	-	-	-	-	15	482	5,170
Restricted Assets	462,140	43,712	-	-	-	-	-	505,852
Other Assets	7,614	-	-	-	-	-	568,803	576,417
Total Assets	\$1,051,670	\$62,835	\$63,867	\$34,618	\$21,988,003	\$1,418,847	\$731,930	\$26,431,030
<b>Liabilities and Equity:</b>								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$10,090	\$116	\$-	\$-	\$17	\$4,767	\$1,471	\$29,442
Due To Other Funds	-	-	-	216	11,161	-	7,502	57,636
Payable To Other Governments	-	-	-	-	-	-	-	-
Deferred Revenue	-	10	-	-	-	-	-	19,578
Premiums on Bonds Sold	-	-	-	-	-	-	-	-
Agency Deposit Liabilities	-	-	-	-	-	-	722,957	722,957
Revenue Bonds	602,267	30,106	-	-	-	-	-	632,373
Securities Lending Obligation	-	-	5,830	2,103	1,475,003	-	-	1,483,679
Total Liabilities	612,357	30,232	5,830	2,319	1,486,181	4,767	731,930	2,945,665
<b>Fund Balances:</b>								
Reserved Trust Activities	376,184	14,233	58,037	32,299	-	-	-	480,753
Reserved For Employees' Pension Benefits	-	-	-	-	20,501,822	-	-	20,501,822
Reserved For Pool Participants	-	-	-	-	-	1,414,080	-	1,414,080
Unreserved, undesignated	63,129	18,370	-	-	-	-	-	1,088,710
Total Fund Balances	439,313	32,603	58,037	32,299	20,501,822	1,414,080	-	23,485,365
Total Liabilities and Fund Balances	\$1,051,670	\$62,835	\$63,867	\$34,618	\$21,988,003	\$1,418,847	\$731,930	\$26,431,030

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# State of Connecticut

## Combining Statement of Plan Net Assets Pension Trust Funds (Defined Benefit Pension Plans)

June 30, 2001

(Expressed in Thousands)

	State Employees	State Teachers	Judicial	Connecticut Municipal Employees	Probate Judges	State's Attorneys'/ Public Defender	Total
<b>Assets:</b>							
Cash and Cash Equivalents	\$-	\$-	\$-	\$201	\$9	\$68	\$278
Receivables:	-	-	-	-	-	-	-
Accounts, Net of Allowances	2,339	10,656	11	2,265	6	6	15,283
Interest	344	922	21	155	10	-	1,452
Total Receivables	2,683	11,578	32	2,420	16	6	16,735
Investments:	650	660	680	700	710	670	
Equity in Combined Investment Fund	7,785,126	11,203,967	135,740	1,297,728	66,679	733	20,489,973
Total Investments	7,785,126	11,203,967	135,740	1,297,728	66,679	733	20,489,973
Securities Lending Collateral	567,567	802,472	9,497	90,235	5,201	31	1,475,003
Due From Other Funds	4,811	-	-	-	-	-	4,811
Receivable From Other Governments	0	1,203	-	-	-	-	1,203
Total Assets	\$8,360,187	\$12,019,220	\$145,269	\$1,390,584	\$71,905	\$838	\$21,988,003
<b>Liabilities and Equity:</b>							
Liabilities:	650	660	680	700	710	670	
Accounts Payable and Accrued Liabilities	17	-	-	-	-	-	17
Due To Other Funds	1,499	9,662	-	-	-	-	11,161
Securities Lending Obligation	567,567	802,472	9,497	90,235	5,201	31	1,475,003
Total Liabilities	569,083	812,134	9,497	90,235	5,201	31	1,486,181
Fund Balance:	650	660	680	700	710	670	
Reserved for Employees' Pension Benefits	7,791,104	11,207,086	135,772	1,300,349	66,704	807	20,501,822
Total Fund Balance	7,791,104	11,207,086	135,772	1,300,349	66,704	807	20,501,822
Total Liabilities and Fund Balances	\$8,360,187	\$12,019,220	\$145,269	\$1,390,584	\$71,905	\$838	\$21,988,003

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# State of Connecticut

## Combining Balance Sheet

### Agency Funds

June 30, 2001

(Expressed in Thousands)

	Payroll & Fringe Benefit Clearing	Receipts Pending Distribution	Securities Held for Others	State Institutions Activity	Other	Total
<b>Assets:</b>						
Cash and Cash Equivalents	\$2,351	\$24,576	\$-	\$13,124	\$111,651	\$151,702
Investments:						
Other	-	-	-	-	3,037	3,037
Receivables:						
Accounts, Net of Allowances	-	218	-	2,305	-	2,523
Loans, Net of Allowances	-	-	-	51	-	51
Interest	-	-	-	22	320	342
Due From Other Funds	4,990	-	-	-	-	4,990
Inventories and Prepaid Items	-	-	-	482	-	482
Other Assets	-	-	567,618	1,185	-	568,803
Total Assets	\$7,341	\$24,794	\$567,618	\$17,169	\$115,008	\$731,930
<b>Liabilities:</b>						
Accounts Payable and Accrued Liabilities	\$-	\$1,392	\$-	\$79	\$-	\$1,471
Due to Other Funds	-	7,502	-	-	-	7,502
Agency Deposit Liabilities	7,341	15,900	567,618	17,090	115,008	722,957
Total Liabilities	\$7,341	\$24,794	\$567,618	\$17,169	\$115,008	\$731,930

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# State of Connecticut

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Expendable Trust Funds

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Employment Security	Special Assessment	Retired Teachers' Health Benefits Plan	Second Injury & Compensation Assurance	Other	Total
<b>Revenues:</b>						
Unemployment Taxes	\$310,340	\$-	\$-	\$-	\$-	\$310,340
Health Insurance Contributions	-	-	41,942	-	-	41,942
Investment Earnings	-	9,765	507	5,485	2,690	18,447
Interest on U.S. Deposits	54,301	-	-	-	-	54,301
Assessments	-	147,839	-	96,803	-	244,642
Intergovernmental	11,058	-	-	-	-	11,058
Miscellaneous	1,238	-	-	4,341	424	6,003
Total Revenues	376,937	157,604	42,449	106,629	3,114	686,733
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	-	-	-	9,860	-	9,860
Regulation and Protection	405,727	-	-	52,515	1,691	459,933
Health Insurance Payments	-	-	39,252	-	-	39,252
<b>Debt Service:</b>						
Principal Retirement	-	185,065	-	136,630	-	321,695
Interest and Fiscal Charges	-	14,167	-	12,642	-	26,809
Refunding Escrow Payment	-	187,742	-	-	-	187,742
Total Expenditures	405,727	386,974	39,252	211,647	1,691	1,045,291
<b>Excess (Deficiency) of Revenues</b>						
Over Expenditures	(28,790)	(229,370)	3,197	(105,018)	1,423	(358,558)
<b>Other Financing Sources (Uses):</b>						
Proceeds of Bond Anticipation Notes	-	-	-	144,100	-	144,100
Operating Transfers In	-	51,430	-	-	19,500	70,930
Operating Transfers Out	(53,539)	(2,671)	-	-	-	(56,210)
Total Other Financing Sources (Uses)	(53,539)	48,759	-	144,100	19,500	158,820
<b>Excess (Deficiency) of Revenues and Other</b>						
Sources Over Expenditures and Other Uses	(82,329)	(180,611)	3,197	39,082	20,923	(199,738)
Fund Balances - July 1 (as restated)	919,603	184,673	14,758	47,405	40,510	1,206,949
Fund Balances - June 30	\$837,274	\$4,062	\$17,955	\$86,487	\$61,433	\$1,007,211

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# State of Connecticut

## Combining Statement of Revenues, Expenses and Changes in Fund Balances Nonexpendable Trust Funds

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Clean Water Fund	Drinking Water Fund	Soldiers Sailors & Marines	Other	Total Nonexpendable
<b>Operating Revenues:</b>					
Investment Earnings	\$23,028	\$197	\$3,458	\$2,591	\$29,274
Interest on Loans	11,354	284	-	-	11,638
Intergovernmental	22,837	13,156	-	-	35,993
Total Operating Revenues	57,219	13,637	3,458	2,591	76,905
<b>Operating Expenses:</b>					
Administrative	1,320	1,189	-	-	2,509
Other Program Expenses	-	-	-	1,513	1,513
Interest on Debt	28,179	115	-	-	28,294
Total Operating Expenses	29,499	1,304	-	1,513	32,316
Operating Income	27,720	12,333	3,458	1,078	44,589
<b>Operating Transfers:</b>					
Operating Transfers In	5,366	18,685	374	-	24,425
Operating Transfers Out	(7,004)	-	(3,465)	(464)	(10,933)
Net Income	26,082	31,018	367	614	58,081
Fund Balances - July 1 (as restated)	413,231	1,585	57,670	31,685	504,171
Fund Balances - June 30	\$439,313	\$32,603	\$58,037	\$32,299	\$562,252

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# State of Connecticut

## Combining Statement of Cash Flows Nonexpendable Trust Funds

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Clean Water Fund	Drinking Water Fund	Soldiers', Sailors', & Marines'	Other	Total
<b>Cash Flows From Operating Activities:</b>					
Operating Income	\$27,720	\$12,333	\$3,458	\$1,078	\$44,589
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Investment Income	(23,028)	(197)	(3,458)	(2,591)	(29,274)
Interest Expense	28,179	115	-	-	28,294
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables	2,221	(17,451)	-	-	(15,230)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,402)	-	-	1	(1,401)
Issuance of Loans	(27,471)	-	-	-	(27,471)
Net Cash Provided by (Used in) Operating Activities	6,219	(5,200)	-	(1,512)	(493)
<b>Cash Flows From Noncapital Financing Activities:</b>					
Proceeds from sale of bonds	71,559	30,108	-	-	101,667
Retirement of Bonds	(24,915)	-	-	-	(24,915)
Interest on Bonds	(27,668)	-	-	-	(27,668)
Transfer From Other Funds	5,366	18,685	374	-	24,425
Transfer To Other Funds	(7,004)	-	(3,465)	(464)	(10,933)
Net Cash Provided by (Used in) Noncapital Financing Activities	17,338	48,793	(3,091)	(464)	62,576
<b>Cash Flows From Investing Activities:</b>					
Purchase of Investment Securities	(49,492)	(43,669)	-	(594)	(93,755)
Interest and Income on Investments	23,298	89	3,091	2,594	29,072
Net Cash Provided by (Used in) Investment Activities	(26,194)	(43,580)	3,091	2,000	(64,683)
Increase (Decrease) in Cash	(2,637)	13	-	24	(2,600)
Cash and Cash Equivalents, July 1	3,656	-	-	5,113	8,769
Cash and Cash Equivalents, June 30	\$1,019	\$13	\$-	\$5,137	\$6,169

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# State of Connecticut

## Combining Statement of Changes in Assets & Liabilities

### All Agency Funds

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
<b>Payroll and Fringe Benefit Clearing</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$2,120	\$231	\$-	\$2,351
Due From Other Funds	4,489	4,990	4,489	4,990
Total Assets	6,609	\$5,221	\$4,489	\$7,341
<b>LIABILITIES</b>				
Agency Deposit Liability	\$6,609	\$5,221	\$4,489	\$7,341
Total Liabilities	\$6,609	\$5,221	\$4,489	\$7,341
<b>Receipts Pending Distribution</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$22,343	\$2,233	\$-	\$24,576
Accounts, Net of Allowances	159	218	159	218
Receivable From Other Governments	8	-	8	-
Total Assets	\$22,510	\$2,451	\$167	\$24,794
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$5,962	\$1,392	\$5,962	\$1,392
Due to Other Funds	7,937	7,502	7,937	7,502
Agency Deposit Liability	8,611	16,350	9,061	15,900
Total Liabilities	\$22,510	\$25,244	\$22,960	\$24,794
<b>Securities Held for Others</b>				
<b>ASSETS</b>				
Other Assets	\$552,988	\$66,736	\$52,106	\$567,618
Total Assets	\$552,988	\$66,736	\$52,106	\$567,618
<b>LIABILITIES</b>				
Agency Deposit Liability	\$552,988	\$66,736	\$52,106	\$567,618
Total Liabilities	\$552,988	\$66,736	\$52,106	\$567,618
<b>State Institution Activity</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$10,123	\$3,001	\$-	\$13,124
Accounts, Net of Allowances	2,227	78	-	2,305
Loans, Net of Allowances	67	-	16	51
Interest	35	22	35	22
Inventories and Prepaid Items	412	70	-	482
Other Assets	1,268	-	83	1,185
Total Assets	\$14,132	\$3,171	\$134	\$17,169
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$2,673	\$79	\$2,673	\$79



**Combining Statement of Changes in Assets & Liabilities****All Agency Funds**

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	<b>Balance July 1, 2000</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2001</b>
<b>Payroll and Fringe Benefit Clearing</b>				
Agency Deposit Liability	11,459	5,844	213	17,090
Total Liabilities	\$14,132	\$5,923	\$2,886	\$17,169

	<b>Balance July 1, 2000</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2001</b>
<b>Other</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$145,665	\$47,770	\$81,784	\$111,651
Investments	2,669	368	-	3,037
Interest	512	320	512	320
Total Assets	\$148,846	\$48,458	\$82,296	\$115,008
<b>LIABILITIES</b>				
Agency Deposit Liability	\$148,846	\$48,458	\$82,296	\$115,008
Total Liabilities	\$148,846	\$48,458	\$82,296	\$115,008

**Totals - All Agency Funds**

<b>ASSETS</b>				
Cash and Cash Equivalents	\$180,251	\$53,235	\$81,784	\$151,702
Investments	2,669	368	-	3,037
Accounts, Net of Allowances	2,386	296	159	2,523
Loans, Net of Allowances	67	-	16	51
Interest	547	342	547	342
Due From Other Funds	4,489	4,990	4,489	4,990
Receivable From Other Governments	8	-	8	-
Inventories and Prepaid Items	412	70	-	482
Other Assets	554,256	66,736	52,189	568,803
Total Assets	\$745,085	\$126,037	\$139,192	\$731,930
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$8,635	\$1,471	\$8,635	\$1,471
Due To Other Funds	7,937	7,502	7,937	7,502
Agency Deposit Liability	728,513	142,609	148,165	722,957
Total Liabilities	\$745,085	\$151,582	\$164,737	\$731,930

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# State of Connecticut

## General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for land, buildings, improvements, and equipment belonging to governmental funds. Fixed Assets of proprietary and similar trust funds, Higher Education funds, and component units are accounted for within those funds. Infrastructures, including highways, bridges, and rights-of-way are not capitalized.

The General Fixed Assets Account Group is stated at historical cost or estimated historical cost, with no provision made for depreciation.

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# State of Connecticut

## General Fixed Assets Account Group

June 30, 2001

(Expressed in Thousands)

### SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

#### General Fixed Assets:

Land	\$389,741
Buildings	2,095,287
Improvements Other Than Buildings	278,545
Machinery and Equipment	1,104,216
Construction in Progress	193,092
Total General Fixed Assets	4,060,881

#### Investment in General Fixed Assets:

Investment in Property Acquired Prior to June 30, 1988-Source Unidentified	316,751
General Fund	292,960
Special Revenue Funds	563,396
Capital Project Funds	2,812,228
Other	75,546
Total Investment in General Fixed Assets	\$4,060,881

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# State of Connecticut

## General Fixed Assets Account Group

June 30, 2001

(Expressed in Thousands)

### SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

Function	Land	Buildings	Improvements	Equipment	Totals
Legislative	\$-	\$155,583	\$-	\$14,039	\$169,622
General Government	18,799	242,525	4,173	61,671	327,168
Regulation and Protection	9,633	161,234	29,181	183,877	383,925
Conservation and Development	258,341	43,816	43,495	41,337	386,989
Health and Hospitals	6,793	184,828	13,820	28,337	233,778
Transportation	73,521	325,621	134,341	505,452	1,038,935
Human Services	-	-	-	15,751	15,751
Education, Libraries and Museums	1,027	175,078	8,035	146,456	330,596
Corrections	10,319	614,296	43,581	53,792	721,988
Judicial	11,308	192,306	1,919	53,504	259,037
Total General Fixed Assets					
Allocated to Functions	\$389,741	\$2,095,287	\$278,545	\$1,104,216	\$3,867,789
Construction in Progress					193,092
Total General Fixed Assets					\$4,060,881

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# State of Connecticut

## General Fixed Assets Account Group

June 30, 2001

(Expressed in Thousands)

### SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

Function	General Fixed Assets 7/1/00	Additions	Deletions	General Fixed Assets 6/30/01
Legislative	\$168,035	\$2,708	\$1,121	\$169,622
General Government	320,517	23,343	16,692	327,168
Regulation and Protection	331,650	63,433	11,158	383,925
Conservation and Development	355,726	34,044	2,781	386,989
Health and Hospitals	230,940	9,258	6,420	233,778
Transportation	993,146	59,263	13,474	1,038,935
Human Services	14,752	3,944	2,945	15,751
Education, Libraries and Museums	533,031	10,149	212,584	330,596
Corrections	730,447	10,239	18,698	721,988
Judicial	252,649	9,758	3,370	259,037
Construction in Progress	278,935	157,464	243,307	193,092
Total General Fixed Assets	\$4,209,828	\$383,603	\$532,550	\$4,060,881

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# State of Connecticut

## Higher Education Funds

Higher Education Funds are used to account for all transactions relating to public institutions of higher education and an affiliated organization. Higher Education institutions include five universities and twelve community-technical colleges. The following university and college funds and affiliated organization are used:

### ***Current Unrestricted Fund:***

accounts for currently expendable resources which may be either designated or not designated by the colleges and universities for specific purposes.

### ***Current Restricted Fund:***

accounts for resources restricted by the donor or external agency for a specific use or program.

### ***Loan Funds:***

accounts for loans made to assist students in the financing of their education.

### ***Endowment Funds:***

accounts for resources which are restricted by the gift instruments requiring that the principal be invested and only the income be expended.

### ***Agency Funds:***

accounts for amounts held in custody for students, university-related organizations, and others.

### ***Plant Funds:***

accounts for activities relating to institutional properties. These activities include funds used for the acquisition, renewal, and replacement of institutional properties, funds set aside for debt service requirements of institutional properties, and funds invested in institutional properties.

### ***Affiliated Organization:***

accounts for the financial activities of the University of Connecticut Foundation, Inc., a component unit of the University of Connecticut.

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# State of Connecticut

## Combining Balance Sheet Higher Education Funds

June 30, 2001

(Expressed in Thousands)

	Current Funds		Endowment and Similar Funds	Loan Funds	Agency Funds	Plant Funds	Affiliated Organi- zation	Total
	Unrestricted	Restricted						
Assets:								
Cash and Cash Equivalents	\$201,008	\$13,716	\$2,148	\$4,988	\$7,628	\$200,220	\$1,675	\$431,383
Investments:								
Equity in Combined Investment Funds	-	-	591	-	-	-	-	591
Other	5,683	-	5,385	-	-	2,083	197,171	210,322
Receivables:								
Accounts, Net of Allowances	36,080	29,942	130	-	164	1,323	37,886	105,525
Tuition	910	-	-	-	-	-	-	910
Loans, Net of Allowances	-	-	-	30,719	-	-	-	30,719
Interest	-	-	-	-	-	-	-	-
Due From Other Funds	48,127	9	-	-	125	48,962	-	97,223
Due From Component Units	-	-	-	-	-	36,215	-	36,215
Inventories and Prepaid Items	11,021	354	-	-	231	7,493	-	19,099
Property, Plant & Equipment	423	-	-	-	249	2,237,898	6,454	2,245,024
Other Assets	44	-	-	-	5	100	7,909	8,058
Total Assets	\$303,296	\$44,021	\$8,254	\$35,707	\$8,402	\$2,534,294	\$251,095	\$3,185,069
Liabilities and Equity:								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$103,984	\$7,391	\$104	\$135	\$1,438	\$33,290	\$6,366	\$152,708
Due To Other Funds	7,209	1,530	-	392	176	10	-	9,317
Due To Component Units	-	-	-	-	-	-	-	-
Deferred Revenue	32,930	893	-	-	201	-	-	34,024
Notes and Loans Payable	-	-	-	-	-	9,352	-	9,352
Agency Deposit Liabilities	-	-	-	-	6,587	-	-	6,587
Revenue Bonds	-	-	-	-	-	286,919	7,900	294,819
Compensated Absences	82,958	12	-	-	-	-	-	82,970
Total Liabilities	227,081	9,826	104	527	8,402	329,571	14,266	589,777
Equity:								
Investment in Fixed Assets	-	-	-	-	-	2,003,194	-	2,003,194
Fund Balances:								
Reserved:								
Retirement of Debt	-	-	-	-	-	77,883	-	77,883
Other	-	34,195	8,150	26,996	-	-	232,968	302,309
Unreserved, undesignated:								
Unexpended Plant	-	-	-	-	-	109,205	-	109,205
Renewals and Replacements	-	-	-	-	-	14,441	-	14,441
Other	76,215	-	-	8,184	-	-	3,861	88,260
Total Equity	76,215	34,195	8,150	35,180	-	2,204,723	236,829	2,595,292
Total Liabilities and Equity	\$303,296	\$44,021	\$8,254	\$35,707	\$8,402	\$2,534,294	\$251,095	\$3,185,069



# State of Connecticut

## Component Units

The Component Units are organizations which are legally separate from the State of Connecticut and for which the State is financially accountable. The Component Units of the State of Connecticut are described as follows:

### ***Connecticut Development Authority:***

the Connecticut Development Authority is a public instrumentality and political subdivision of the State. The Authority was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond Program, its Umbrella Program and its Insurance Program.

### ***Connecticut Housing Finance Authority:***

the Connecticut Housing Finance Authority is a public instrumentality and political subdivision of the State created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate income families throughout the State.

### ***Connecticut Resources Recovery Authority:***

the Connecticut Resources Recovery Authority is a public instrumentality and political subdivision of the State. The Authority is responsible for implementing the State's solid waste management plan, which includes design, construction and operation of resources recovery facilities and the marketing of recovered products.

### ***Connecticut Higher Education Supplemental Loan Authority:***

the Connecticut Higher Education Supplementary Loan Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist students, their parents and institutions of higher education to finance the cost of higher education through its bond funds.

### ***Connecticut Health and Educational Facilities Authority:***

the Connecticut Health and Educational Facilities Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

### ***Capital City Economic Development Authority:***

the Capital City Economic Development Authority is a public instrumentality of the state. The authority was created in 1998 to use municipal and state financial resources for the purpose of building a variety of Hartford based projects ranging from facilities to accommodate the exhibition, hospitality and tourism industries to downtown residential housing.

### ***Connecticut Innovations, Incorporated:***

Connecticut Innovations is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut by providing financial technical assistance.

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# State of Connecticut

## Combining Balance Sheet Component Units

June 30, 2001

(Expressed in Thousands)

	Connec- ticut Devel- opment Authority	Connec- ticut Housing Finance Authority (12-31-00)	Connec- ticut Resources Recovery Authority	Connec- ticut Higher Education Supple- mental Loan Authority	Connec- ticut Health & Educational Facilities Authority	Connec- ticut Innova- tions, Incorp- orated	Capital City Economic Devel- opment Authority	Total
<b>Assets:</b>								
Cash and Cash Equivalents	\$38,222	\$125,085	\$74,879	\$4,734	\$14,970	\$23,892	\$2,668	\$284,450
Investments:								
Other	12,631	335,324	-	24,081	3,450	175,615	-	551,101
Receivables:								
Accounts, Net of Allowances	-	-	13,876	-	233	62	403	14,574
Loans, Net of Allowances	129,751	2,989,602	-	89,143	-	-	-	3,208,496
Interest	1,303	23,307	11,080	326	42	-	-	36,058
Notes Receivable	-	-	-	-	222	-	-	222
Due From Primary Government	19,307	-	-	-	-	53	-	19,360
Inventories and Prepaid Items	-	-	-	-	95	-	-	95
Restricted Assets	51,140	336,363	103,413	9,076	267,341	-	-	767,333
Property, Plant & Equipment	20,262	2,629	237,665	-	152	205	28	260,941
Other Assets	5,051	26,875	12,665	1,693	-	353	-	46,637
Total Assets	\$277,667	\$3,839,185	\$453,578	\$129,053	\$286,505	\$200,180	\$3,099	\$5,189,267
<b>Liabilities and Equity:</b>								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$7,834	\$27,913	\$27,583	\$1,438	\$3,070	\$7,318	\$2,370	\$77,526
Notes and Loans Payable	-	-	-	-	-	-	-	-
Due To Primary Government	-	-	-	-	36,215	-	-	36,215
Deferred Revenue	2,841	-	-	2,929	-	-	-	5,770
Escrow Deposits	-	127,551	-	-	-	-	-	127,551
Revenue Bonds	96,230	3,108,024	259,782	121,770	5,395	-	-	3,591,201
Liability for Landfill Closure Costs	-	-	24,160	-	-	-	-	24,160
Amount Held for Institutions	-	-	-	-	223,321	-	-	223,321
Total Liabilities	106,905	3,263,488	311,525	126,137	268,001	7,318	2,370	4,085,744
Equity:								
Contributed Capital	162,840	-	1,590	-	-	111,876	-	276,306
Retained Earnings:								
Reserved for Housing Financing	-	571,924	-	-	-	-	-	571,924
Reserved for Resources Recovery	-	-	21,514	-	-	-	-	21,514
Reserved for Economic Development	-	-	-	-	-	-	186	186
Unreserved	7,922	3,773	118,949	2,916	18,504	80,986	543	233,593
Total Retained Earnings	7,922	575,697	140,463	2,916	18,504	80,986	729	827,217
Total Equity	170,762	575,697	142,053	2,916	18,504	192,862	729	1,103,523
Total Liabilities and Equity	\$277,667	\$3,839,185	\$453,578	\$129,053	\$286,505	\$200,180	\$3,099	\$5,189,267

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# State of Connecticut

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings Component Units

For The Fiscal Year Ended June 30, 2001  
(Expressed in Thousands)

	Connec- ticut Housing Finance Authority (12-31- 00)	Connec- ticut Resources Recovery Authority	Connec- ticut Higher Education Supple- mental Loan Authority	Connec- ticut Health & Educa- tional Facilities Authority	Connec- ticut Innova- tions, Incorp- orated	Capital City Economic Devel- opment Authority	Total
<b>Operating Revenues:</b>							
Charges for Services	\$1,440	\$-	\$163,537	\$-	\$-	\$-	\$- \$164,977
Interest on Loans	8,877	203,292	-	7,353	270	-	- 219,792
Civic Center Lease Operations	14,649	-	-	-	-	-	- 14,649
Miscellaneous	604	5,102	7,981	637	3,744	2,331	- 20,399
Total Operating Revenues	25,570	208,394	171,518	7,990	4,014	2,331	- 419,817
<b>Operating Expenses:</b>							
Administrative	4,543	21,074	7,196	1,354	1,229	7,554	860 43,810
Depreciation and Amortization	277	3,615	16,710	235	56	-	8 20,901
Interest on Debt	5,535	184,551	-	6,759	270	-	- 197,115
Civic Center Lease Oper. (includes depreciation expense of \$1,898)	17,945	-	-	-	-	-	- 17,945
Solid Waste Operations	-	-	124,624	-	-	-	- 124,624
Other Program Expenses	1,129	6,783	5,236	1,467	1,147	304	6,327 22,393
Total Operating Expenses	29,429	216,023	153,766	9,815	2,702	7,858	7,195 426,788
Operating Income (Loss)	(3,859)	(7,629)	17,752	(1,825)	1,312	(5,527)	(7,195) (6,971)
<b>Nonoperating Revenues (Expenses):</b>							
Interest and Investment Income	5,421	64,493	8,322	2,531	1,007	8,844	33 90,651
Interest and Fiscal Charges	-	-	(15,776)	-	-	-	- (15,776)
Other	-	2,860	65,767	-	-	-	- 68,627
Total Nonoperating Income (Expense)	5,421	67,353	58,313	2,531	1,007	8,844	33 143,502
Income (Loss) Before Operating Transfers	1,562	59,724	76,065	706	2,319	3,317	(7,162) 136,531
Operating Transfers in from Primary Government	-	-	-	-	-	-	7,246 7,246
Net Income (Loss)	1,562	59,724	76,065	706	2,319	3,317	84 143,777
<b>Add Items Affecting Contributed Capital:</b>							
Depreciation on Equipment Acquired through Capital Grants	-	-	122	-	-	-	- 122
Total Add Back Items	-	-	122	-	-	-	- 122
Retained Earnings-July 1	6,360	515,973	64,276	2,210	16,185	77,669	645 683,318
Retained Earnings-June 30	\$7,922	\$575,697	\$140,463	\$2,916	\$18,504	\$80,986	\$729 \$827,217

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# State of Connecticut

## Combining Statement of Cash Flows Component Units

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Connec- ticut Housing Finance Authority (12-31- 00)	Connec- ticut Resources Recovery Authority	Connec- ticut Higher Education Supple- mental Loan Authority	Connec- ticut Health & Educa- tional Facilities Authority	Connec- ticut Innova- tions, Incorp- orated	Capital City Economic Devel- opment Authority	Total	
<b>Cash Flows From Operating Activities:</b>								
Operating Income (Loss)	\$ (3,859)	\$ (7,629)	\$ 17,752	\$ (1,825)	\$ 1,312	\$ (5,527)	\$ (7,195)	\$ (6,971)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Amortization and Depreciation	2,175	3,615	16,710	235	56	-	8	22,799
Provision for Loan Losses	500	5,584	1,178	769	127	-	-	8,158
Interest Expense	6,368	184,551	-	6,759	270	-	-	197,948
Changes in Assets and Liabilities:								
(Increase) Decrease in Receivables	1,041	572	5,145	(169)	(44)	-	7,740	14,285
(Increase) Decrease in Due From Other Funds	(510)	-	-	-	-	(44)	-	(554)
(Increase) Decrease in Inventories and Prepaid Expenses	-	-	-	-	(66)	(475)	-	(541)
Increase (Decrease) in Accounts Payable & Accrued Liabilities	(785)	(917)	3,870	75	508	(393)	(225)	2,133
Miscellaneous Operating Activities	(526)	3,842	65,430	215	-	-	-	68,961
Issuance of Loans, Notes & Installment Contracts Receivable	(28,040)	(385,840)	-	(17,530)	-	-	-	(431,410)
Collection of Loans, Notes & Installment Contracts Receivable	23,164	272,708	-	8,730	2,085	-	-	306,687
Net Cash Provided by (Used in) Operating Activities	(472)	76,486	110,085	(2,741)	4,248	(6,439)	328	181,495
<b>Cash Flows From Noncapital Financing Activities:</b>								
Contributed Capital	-	-	-	-	-	26,307	-	26,307
Proceeds From Sale of Bonds and Notes	-	162,920	-	22,385	341,276	-	-	526,581
Retirement of Bonds and Notes Payable	(9,880)	(184,465)	-	(8,305)	-	-	-	(202,650)
Interest on Bonds and Notes Payable	(6,688)	(184,551)	-	(6,835)	-	-	-	(198,074)
Bond Issuance and/or Redemption Costs	-	(2,976)	-	(491)	-	-	-	(3,467)
Miscellaneous Noncapital Financing Activities- Deletions	(148)	(16,797)	(80)	-	(515,069)	-	-	(532,094)
Net Cash Provided by (Used in) Noncapital Financing Activities	(16,716)	(225,869)	(80)	6,754	(173,793)	26,307	-	(383,397)
<b>Cash Flows From Capital And Related Financing Activities:</b>								
Purchase of Fixed Assets	(2,303)	(9)	(50,575)	-	(71)	(216)	(2)	(53,176)
Proceeds From Sale of Bonds and Notes	-	-	23,084	-	-	-	-	23,084
Retirement of Bonds and Notes Payable	-	-	(27,733)	-	(1,710)	-	-	(29,443)
Interest on Bonds and Notes Payable	-	-	(15,224)	-	(318)	-	-	(15,542)
Miscellaneous Capital and Related Financing Activities-Additions	-	-	58	-	-	-	-	58

**Combining Statement of Cash Flows****Component Units**

For The Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Con- nec- ticut Hous- ing Finance Authority (12-31- 00)	Con- nec- ticut Resources Recovery Authority	Con- nec- ticut Higher Education Supple- mental Loan Authority	Con- nec- ticut Health & Educa- tional Facilities Authority	Con- nec- ticut Innova- tions, Incorp- orated	Capital City Economic Devel- opment Authority	Total
<b>Cash Flows From Operating Activities:</b>							
Miscellaneous Capital and Related Financing Activities-Deletions	-	-	(2,722)	-	(1,017)	-	(3,739)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,303)	(9)	(73,112)	-	(3,116)	(216)	(78,758)
<b>Cash Flows From Investing Activities:</b>							
Proceeds From Sales of Investment Securities	19,298	382,278	889	1,723	153,474	17,930	575,592
Purchase of Investment Securities	(19,111)	(329,206)	(356)	(8,213)	(2,810)	(73,451)	(433,147)
Interest and Income on Investments	5,420	49,432	8,461	2,560	19,398	3,456	88,760
Miscellaneous Capital and Related Investing Activities-net	628	-	-	-	6,303	-	6,931
Net Cash Provided by (Used in) Investing Activities	6,235	102,504	8,994	(3,930)	176,365	(52,065)	238,136
Increase (Decrease) in Cash	(13,256)	(46,888)	45,887	83	3,704	(32,413)	(42,524)
Cash and Cash Equivalents, July 1 (as restated)	72,955	171,973	131,818	4,651	13,637	56,305	453,648
Cash and Cash Equivalents, June 30	\$59,699	\$125,085	\$177,705	\$4,734	\$17,341	\$23,892	\$411,124

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# State of Connecticut

## General Governmental Expenditures By Function

Last Ten Fiscal Years

(Expressed in Thousands)

FUNCTION(1)	1992	1993	1994	1995	1996
1. Legislative	\$38,057	\$44,040	\$45,820	\$46,618	\$47,422
2. General Government	996,980	1,055,645	1,033,897	1,109,507	1,182,673
3. Regulation and Protection	316,333	348,787	395,662	397,131	415,308
4. Conservation and Development	203,926	232,130	227,024	263,748	221,383
5. Health and Hospitals	862,534	749,402	757,731	793,447	826,501
6. Transportation	337,467	381,135	350,413	352,160	358,144
7. Human Services	2,278,812	2,639,093	2,916,838	3,395,130	3,450,082
8. Education, Libraries, and Museums (2)	2,216,166	2,113,031	2,258,516	2,339,278	2,420,982
9. Corrections	509,268	620,821	737,946	800,822	846,305
10. Judicial	213,602	207,803	229,108	241,690	271,571
11. Restricted Federal & Other Grants/Accounts (3)	791,892	1,068,775	1,008,904	922,518	875,430
12. Debt Service	776,274	1,033,014	972,368	1,262,425	1,305,017
Total Expenditures	\$9,541,311	\$10,493,676	\$10,934,227	\$11,924,474	\$12,220,818

FUNCTION(1)	1997	1998	1999	2000	2001
1. Legislative	\$51,802	\$54,898	\$65,272	\$68,590	\$71,146
2. General Government	715,844	783,865	1,032,668	990,749	1,177,391
3. Regulation and Protection	414,873	417,537	476,469	523,746	553,871
4. Conservation and Development	264,742	263,327	303,994	355,407	425,544
5. Health and Hospitals	895,809	955,659	1,058,582	1,152,309	1,489,557
6. Transportation	359,716	342,637	383,175	400,502	601,342
7. Human Services	3,512,640	3,553,865	3,488,482	3,780,196	3,850,108
8. Education, Libraries, and Museums (2)	2,445,732	2,581,568	2,840,361	3,142,268	3,541,240
9. Corrections	947,932	935,382	1,031,100	1,156,916	1,255,511
10. Judicial	304,686	320,727	359,925	407,675	467,947
11. Restricted Federal & Other Grants/Accounts (3)	679,559	779,670	654,243	813,100	-
12. Debt Service	1,158,034	1,318,265	1,356,817	1,491,013	1,339,226
Total Expenditures	\$11,751,369	\$12,307,400	\$13,051,088	\$14,282,471	\$14,772,883

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Includes Higher Education Expenditures Treated as Operating Transfers from the State's General Fund.

(3) Beginning in FY 2001, Restricted Federal &amp; Other Grants/Accounts expenditures have been recorded in the correct function of government.

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# State of Connecticut

## Revenues by Source

Last Ten Fiscal Years

(Expressed in Thousands)

SOURCE (1)	1992	1993	1994	1995	1996
1. Taxes	\$5,596,447	\$6,140,718	\$6,436,828	\$6,822,277	\$7,339,263
2. Licenses, Permits, and Fees	372,146	398,979	425,480	418,660	429,803
3. Tobacco Settlement	-	-	-	-	-
4. Intergovernmental	2,135,220	2,616,995	2,641,448	2,734,163	2,830,481
5. Charges for Services	62,364	88,852	176,757	201,434	211,829
6. Fines, Forfeits, and Rents	27,151	35,843	33,226	37,145	25,359
7. Casino Gaming Payments	-	-	-	-	-
8. Restricted Federal & Other Grants/Accounts (2)	-	-	-	-	-
9. Investment Earnings	65,284	75,141	62,218	74,574	73,235
10. Lottery	709,423	692,528	552,992	670,801	706,860
11. Miscellaneous	172,494	156,391	262,590	228,624	192,358
Total Revenues	\$9,140,529	\$10,205,447	\$10,591,539	\$11,187,678	\$11,809,188

SOURCE (1)	1997	1998	1999	2000	2001
1. Taxes	\$7,611,339	\$8,130,258	\$8,336,873	\$8,844,733	\$9,196,056
2. Licenses, Permits, and Fees	447,333	471,996	483,220	455,531	510,104
3. Tobacco Settlement	-	-	-	149,960	112,535
4. Intergovernmental	2,782,901	2,853,800	2,258,276	2,388,127	3,279,026
5. Charges for Services	269,349	312,909	59,102	76,929	77,573
6. Fines, Forfeits, and Rents	31,356	35,019	53,695	62,354	68,931
7. Casino Gaming Payments	-	-	288,532	318,986	332,418
8. Restricted Federal & Other Grants/Accounts (2)	-	-	654,243	818,070	-
9. Investment Earnings	90,689	106,040	95,324	105,247	120,136
10. Lottery	-	-	-	-	-
11. Miscellaneous	180,458	173,649	190,851	217,483	329,797
Total Revenues	\$11,413,425	\$12,083,671	\$12,420,116	\$13,437,420	\$14,026,576

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Beginning in FY 2001, Restricted Federal &amp; Other Grants/Accounts revenues have been recorded in the correct revenue source.

NOTE: Beginning in 1997, the Lottery revenues are no longer reported under Special Revenue Funds, but are included in the Enterprise Funds.

SOURCE: Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

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# State of Connecticut

## Computation of Legal Debt Margin

November 1, 2000

(Expressed in Thousands)

Estimated General Fund Tax Receipts for the Fiscal Year Ending June 30, 2001	\$8,754,200
Factor	1.6
Statutory Debt Limit for Debt Incurred	14,006,720
Less: Authorized Bonds, Notes, and Other Obligations subject to certain limitations.	11,651,569
Legal Debt Margin	\$2,355,151

SOURCE: State of Connecticut General Obligation Bonds Offering Statement

Dated November 15, 2001

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# State of Connecticut

## Net General Long-Term Bonded Debt Per Capita

Last Ten Fiscal Years

(Thousands)					
GENERAL LONG-TERM DEBT					
YEAR	POPULATION	TOTAL DEBT	LESS DEBT SERVICE AVAILABLE	NET	NET DEBT PER CAPITA
1992	3,272	\$6,503,455	\$388,425	\$6,115,030	\$1,869
1993	3,270	7,385,997	432,522	6,953,475	2,126
1994	3,265	7,927,705	489,584	7,438,121	2,278
1995	3,262	8,516,066	420,163	8,095,903	2,482
1996	3,264	9,200,672	455,740	8,744,932	2,679
1997	3,267	9,548,618	476,731	9,071,887	2,777
1998	3,274	9,719,236	498,418	9,220,818	2,816
1999	3,282	10,093,823	739,327	9,354,496	2,850
2000	3,406	10,291,418	539,525	9,751,893	2,863
2001	3,425	10,830,356		10,254,844	2,994

SOURCES: U.S. Census Bureau  
Combined Balance Sheet

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# State of Connecticut

## Ratio of Annual Debt Service General Bonded Debt To Total General Expenditures

Last Ten Fiscal Years

(Expressed in Thousands)

YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	(1) TOTAL GENERAL EXPENDITURES	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
1992	\$312,571	\$378,214	\$690,785	\$9,541,311	7.2%
1993	362,356	398,550	760,906	10,493,676	7.3%
1994	404,921	387,722	792,643	10,934,227	7.2%
1995	560,746	438,172	998,918	11,924,474	8.4%
1996	523,090	448,880	971,970	12,220,818	8.0%
1997	597,819	470,744	1,068,563	11,751,369	9.1%
1998	731,968	500,529	1,232,497	12,307,400	10.0%
1999	755,628	520,304	1,275,932	13,051,088	9.8%
2000	742,584	540,748	1,283,332	14,282,471	9.0%
2001	789,523	549,703	1,339,226	14,772,883	9.1%

(1) Includes General, Special Revenue, and Debt Service Funds, also included are Higher Education Expenditures Treated as Operating Transfers from the State's General fund.

Note: Beginning in 1992, principal and interest amounts do not include amounts expended for General Obligation Notes.

SOURCE: Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

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# State of Connecticut

## Revenue Bond Coverage

### Rental Housing

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS RECEIPTS		DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
	USED FOR DEBT SERVICES (1)				PRINCIPAL	INTEREST	TOTAL COVERAGE	
1992	\$10,071	\$1,267	\$8,804	\$1,550	\$8,562	\$10,112	0.87	
1993	17,163	1,585	15,578	1,000	7,805	8,805	1.77	
1994	16,102	0	16,102	2,038	12,991	15,029	1.07	
1995	14,012	61	13,951	1,052	8,310	9,362	1.49	
1996	10,225	1,329	8,896	2,305	7856	10,161	0.88	
1997	7,329	33	7,296	2,175	7,814	9,989	0.73	
1998	8,204	512	7,692	5,101	7,566	12,667	0.61	
1999	13,596	65	13,531	11,396	5774	17170	0.79	
2000	8,494	20	8,474	10,070	5,627	15,697	0.54	
2001	8,768	12	8,756	13,977	4,588	18565	0.47	

(1) Includes Operating and Non-Operating Revenues and Principal Collections.

(2) Includes Operating Expenses Less Depreciation, Amortization, Interest Expenses, and Provision for Loan Losses.

SOURCES: Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

Combining Statement of Cash Flows

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# State of Connecticut

## Revenue Bond Coverage

### Bradley International Airport

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1992	\$31,307	\$16,675	\$14,632	\$1,285	\$10,384	\$11,669	1.25
1993	30,399	17,859	12,540	1,405	8,157	9,562	1.31
1994	34,355	18,966	15,389	2,295	7,275	9,570	1.61
1995	40,217	18,757	21,460	2,455	7,104	9,559	2.25
1996	38,313	20,575	17,738	2,630	6,919	9,549	1.86
1997	38,794	19,746	19,048	2,820	6,718	9,538	2.00
1998	46,432	19,396	27,036	3,030	6,502	9,532	2.84
1999	48,133	21,242	26,891	3,240	6,268	9508	2.83
2000	55,888	21,815	34,073	3,480	6,084	9,564	3.56
2001	53,364	24,688	28,676	6,785	8,291	15,076	1.90

(1) Includes Operating and Non-Operating Revenues.

(2) Includes Operating Expenses Less Depreciation, & Interest Expenses.

SOURCES: Bradley International Airport Financial Statements

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# State of Connecticut

## Revenue Bond Coverage

### John Dempsey Hospital

Last Six Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED SEPT 30,	GROSS RECEIPTS USED	DIRECT	AVAILABLE	DEBT SERVICE REQUIREMENTS			
	FOR DEBT SERVICES(1)	OPERATING EXPENSES(2)	FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1996	\$130,647	\$115,675	\$14,972	\$216	\$51	\$267	56.07
1997	118,958	112,704	6,254	157	97	254	24.62
1998	130,612	119,525	11,087	120	83	203	54.61
1999	120,950	122,611	(1,661)	120	77	197	-
2000	118,704	124,153	(5,449)	18	69	87	-
2001 *	99,999	96,709	3,290	19	54	73	45.07

(1) Includes Operating and Non-Operating Revenues

(2) Includes Operating Expenses Less Depreciation, Amortization, Interest Expenses, and Provision for Loan Losses.

SOURCE: John Dempsey Hospital Financial Statements

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# State of Connecticut

## Revenue Bond Coverage

### Connecticut Development Authority

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS RECEIPTS USED FOR DEBT SERVICES (1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE		DEBT SERVICE REQUIREMENTS		
			PRINCIPAL	INTEREST	TOTAL	COVERAGE	
1992(3)	\$32,205	\$8,068	\$24,137	\$7,340	\$15,651	\$22,991	1.05
1993	39,344	9,678	29,666	14,300	10,988	25,288	1.17
1994	54,748	16,584	38,164	30,606	6,424	37,030	1.03
1995	55,459	11,365	44,094	41,715	9,221	50,936	0.87
1996	52,459	12,767	39,692	17,665	7,610	25,275	1.57
1997	62,678	14,244	48,434	8,685	7,101	15,786	3.07
1998	52,378	17,553	34,825	8,760	7,991	16,751	2.08
1999	57,570	18,335	39,235	9,880	7,609	17,489	2.24
2000	86,391	20,386	66,005	11,825	7,166	18,991	3.48
2001	54,155	21,219	32,936	9,880	5,535	15,415	2.14

(1) Includes Operating and Non-Operating Revenues and Principal Collected on Loans.

(2) Includes Operating Expenses Less Depreciation, Amortization, Interest Expenses and Provision for Loan Losses.

(3) Beginning in 1992, the Authority no longer includes the assets and liabilities of its Self-Sustaining Bond Program in its financial statements. See Note 15b.

SOURCE: Connecticut Development Authority Financial Statements

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# State of Connecticut

## Revenue Bond Coverage

### Connecticut Housing Finance Authority

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED DEC 31,	GROSS RECEIPTS		NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
	USED FOR DEBT SERVICES (1)	DIRECT OPERATING EXPENSES (2)		PRINCIPAL	INTEREST	TOTAL	COVERAGE
1991	\$385,139	\$34,819	\$350,320	\$103,405	\$207,415	\$310,820	1.13
1992	456,281	28,611	427,670	455,505	206,268	661,773	0.65
1993	556,670	42,778	513,892	544,375	192,589	736,964	0.70
1994	483,683	30,910	452,773	622,215	173,843	796,058	0.57
1995	421,706	38,373	383,333	452,210	174,752	626,962	0.61
1996	460,395	33,202	427,193	398,950	179,034	577,984	0.74
1997	441,020	23,383	417,637	201,475	187,070	388,545	1.07
1998	500,661	23,273	477,388	435,655	193,364	629,019	0.76
1999	622,048	15,057	606,991	359,850	188,173	548,023	1.11
2000	548,455	22,273	526,182	184,465	184,551	369,016	1.43

(1) Includes Operating and Non-Operating Revenues and Principal Collected on Loans.

(2) Includes Operating Expenses Less Depreciation, Amortization, Interest Expenses, and Provision for Loan Losses.

SOURCE: Connecticut Housing Finance Authority Financial Statements.

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# State of Connecticut

## Connecticut Resources Recovery Authority

Last Ten Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES (1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1992	\$128,186	\$92,291	\$35,895	\$12,198	\$27,650	\$39,848	0.90
1993	132,569	102,081	30,488	16,029	26,558	42,587	0.72
1994	147,753	97,787	49,966	19,108	26,665	45,773	1.09
1995	160,645	104,917	55,728	28,983	25,937	54,920	1.01
1996	151,468	101,592	49,876	23,473	24,782	48,255	1.03
1997	155,036	112,458	42,578	27,387	20,552	47,939	0.89
1998	154,537	107,328	47,209	24,173	18,968	43,141	1.09
1999	154,480	109,065	45,415	19,943	17,542	37,485	1.21
2000	173,257	128,593	44,664	17,172	16,278	33,450	1.34
2001	179,840	137,056	42,784	17,234	15,776	33,010	1.30

(1) Includes Operating Revenues and Investment Income.

(2) Includes Operating Expenses Less Depreciation and Amortization and Write Off of Development Costs.

SOURCE: Connecticut Resources Recovery Authority Financial Statements

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# State of Connecticut

## Revenue Bond Coverage

### Connecticut Higher Education Supplemental Loan Authority

Last Eight Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				PRINCIPAL	INTEREST	TOTAL	COVERAGE
1994	\$8,778	\$1,083	\$7,695	\$5,630	\$3,858	\$9,488	0.81
1995	10,511	1,509	9,002	2,940	5,097	8,037	1.12
1996	11,525	1,795	9,730	3,970	4,939	8,909	1.09
1997	18,502	1,388	17,114	5,125	5,796	10,921	1.57
1998	15,469	2,040	13,429	5,995	5,670	11,665	1.15
1999	16,752	1,916	14,836	5,956	6,001	11,957	1.24
2000	18,229	1,670	16,559	72,85	6,227	13,512	1.23
2001	19,251	2,052	17,199	8,305	6,759	15,064	1.14

(1) Includes Operating and Non-Operating Revenues and Principal Collections.

(2) Includes Operating Expenses Less Depreciation, Amortization, Interest Expenses and Provision for Loan Losses.

SOURCE: Connecticut Higher Education Supplemental Loan Authority Financial Statements

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# State of Connecticut

## Revenue Bond Coverage

### Connecticut Health and Educational Facilities Authority

Last Seven Fiscal Years

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30,	GROSS REVENUES(1)	DIRECT OPERATING EXPENSES (2)	NET REVENUE	DEBT SERVICE REQUIREMENTS			
			AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1994	\$180,915	\$1,854	\$179,061	\$161,640	\$84,867	\$246,507	0.73
1995	148,045	1,716	146,329	36,257	108,203	144,460	1.01
1996	154,981	2,074	152,907	60,869	117,743	178,612	0.86
1997	189,355	1,860	187,495	146,615	132,867	279,482	0.67
1998	205,754	1,882	203,872	84,255	143,028	227,283	0.90
1999	4,583	1,737	2,846	1,455	414	1869	1.52
2000	7,342	1,888	5,454	860	389	1,249	4.36
2001	7,106	2,249	4,857	1,710	318	2,028	2.39

(1) Includes Operating and Non-Operating Revenues and Principal Collections.

(2) Includes Operating Expenses Less Depreciation, Amortization, Interest Expenses and Provision for Loan Losses.

SOURCE: Connecticut Health and Educational Facilities Authority Financial Statements

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# State of Connecticut

## Bank Deposits

Last Ten Fiscal Years

(Expressed in Thousands)

**TOTAL  
AS OF:**

### BANK DEPOSITS

1992	\$38,322,461
1993	55,532,661
1994	54,836,057
1995	53,640,331
1996	39,120,816
1997	38,936,046
1998	33,754,043
1999	33,149,787
2000	34,747,254
2001	35,592,017

NOTE: For the years 1993 -1996, bank deposits for credit unions were not included.  
The reduction in deposits in 1996 can be attributed to out of state bank mergers: Deposits with banks not headquartered in Connecticut are no longer included.

SOURCES: Department of Banking

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# State of Connecticut

## Seasonally Adjusted Non-Farm Employment & Earnings Share for Connecticut Industry (1991 &2001)

INDUSTRY	EMPLOYMENT	EMPLOYMENT	EARNINGS	EARNINGS
	% 1991	% 2001	% 1991	% 2001
Mining	0.1%	0.1%	0.1%	0.2%
Construction	3.2%	3.8%	4.8%	5.2%
Manufacturing	20.7%	15%	23.4%	18%
Transportation & Utilities	4.5%	4.6%	4.9%	4.9%
Retail & Wholesale Trade	21.7%	21.5%	15.4%	13.1%
Finance, Ins. & Real Estate	9.5%	8.4%	11.3%	17.2%
Services	27%	32%	26.3%	29.4%
Government	13.4%	14.6%	13.9%	11.9%

Note: employment numbers for 2001 are based on October preliminary estimates and 2000 earnings data is for the 2nd quarter. Comparable periods are used for 1991.

SOURCES: Bureau of Labor Statistics & Bureau of Economic Analysis

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# State of Connecticut

## Total Nonfarm Payroll Employment for Connecticut and the United States

(Seasonally Adjusted, in Thousands)

YEAR	EMPLOYMENT CONNECTICUT	EMPLOYMENT UNITED STATES	% CHANGE CONNECTICUT	% CHANGE UNITED STATES
1991	1,536.1	108,121		
1992	1,520.1	109,266	-1.0%	1.1%
1993	1,533.8	112,034	0.9%	2.5%
1994	1,553.4	115,918	1.3%	3.5%
1995	1,566.2	118,118	0.8%	1.9%
1996	1,601.8	120,916	2.3%	2.4%
1997	1,627.5	124,271	1.6%	2.8%
1998	1,655.8	127,286	1.7%	2.4%
1999	1,677.6	130,365	1.3%	2.4%
2000	1,697.5	132,367	1.2%	1.5%
2001 (Sept.)	1,686.7	132,182	-0.5%	0.0%

NOTE: employment change represents percent change from the same period of the prior year

SOURCE: Bureau of Labor Statistics.

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# State of Connecticut

## Total Labor Force and Unemployment Rate for Connecticut and the United States

(Seasonally Adjusted, in Thousands)

YEAR	LABOR FORCE CONNECTICUT	LABOR FORCE UNITED STATES	UNEMPLOYMENT CONNECTICUT	UNEMPLOYMENT UNITED STATES
1991	1830.7	126,664	7.3%	7.3%
1992	1795.8	128,554	6.9%	7.4%
1993	1759.7	129,941	5.8%	6.5%
1994	1713.5	131,951	5.4%	5.5%
1995	1708.8	132,511	5.7%	5.6%
1996	1729.8	135,113	5.7%	5.4%
1997	1717.7	137,153	4.2%	4.7%
1998	1701.6	138,613	3.2%	4.4%
1999	1728.2	140,185	2.8%	4.1%
2000	1738.4	141,489	2.0%	4.0%
2001 (Sept.)	1715.7	142,190	3.6%	4.9%

SOURCE: Bureau of Labor Statistics.

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# State of Connecticut

## Per Capita Personal Income for Connecticut and the United States

(Thousands)

YEAR	CONNECTICUT	UNITED STATES	% ABOVE THE UNITED STATES
1991	\$26,775	\$20,039	33.6%
1992	28,446	20,979	35.6%
1993	29,309	21,557	36.0%
1994	30,130	22,358	34.8%
1995	31,423	23,272	35.0%
1996	32,814	24,286	35.1%
1997	34,803	25,427	36.9%
1998	37,190	26,909	38.2%
1999	38,506	27,859	38.2%
2000	40,870	29,451	38.8%

SOURCE: Bureau of Economic Analysis

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# State of Connecticut

## Real Median Household Income for Connecticut and the United States

(in 2000 CPI-U adjusted dollars)

YEARS	CONNECTICUT	UNITED STATES	% ABOVE THE UNITED STATES
1991	\$52,211	\$37,314	39.9%
1992	49,279	36,965	33.3%
1993	46,480	36,746	26.5%
1994	47,303	37,136	27.4%
1995	45,186	38,262	18.1%
1996	46,043	38,798	18.7%
1997	47,063	39,594	18.9%
1998	49,076	41,032	19.6%
1999	52,504	42,187	24.5%
2000	50,360	42,148	19.5%

SOURCE: U.S. Census Bureau.

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## State of Connecticut

### Total Personal Income Growth Rates and Dollar Amounts (000) Connecticut and the United States

YEAR	% GROWTH CONNECTICUT	% GROWTH UNITED STATES	AMOUNT (000) CONNECTICUT	AMOUNT (000) UNITED STATES
1991			88,344,099	5,065,416,000
1992	6.2%	6.1%	93,778,706	5,376,622,000
1993	3.3%	4.1%	96,866,466	5,598,446,000
1994	3%	5%	99,787,807	5,878,362,000
1995	4.5%	5.3%	104,315,124	6,192,235,000
1996	4.8%	5.6%	109,353,546	6,538,103,000
1997	6.5%	6%	116,420,559	6,928,545,000
1998	7.3%	7.1%	124,971,214	7,418,754,000
1999	4.2%	4.7%	130,196,097	7,769,648,000
2000	7.0%	7.0%	139,304,914	8,312,312,000

Source: Bureau of Economic Analysis

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# State of Connecticut

## Connecticut Population Statistics

(In Thousands)

YEAR	TOTAL POPULATION	POPULATION UNDER AGE 5	POPULATION AGE 65 OR OVER	NET DOMESTIC MIGRATION**
1991	3,287	236	451	(28.1)
1992	3,272	236	455	(41.6)
1993	3,270	235	460	(28.4)
1994	3,265	231	463	(27.5)
1995	3,262	226	467	(26.5)
1996	3,264	220	469	(21.4)
1997	3,267	214	469	(20.4)
1998	3,274	211	469	(16.8)
1999	3,282	218	469	(11.4)
2000	3,406	223	470	N/A

SOURCE: U.S. Census Bureau. Figures are estimates for 1991-1999.

\*\* Net Domestic Migration, not currently available for 2000, represents the difference between annual population movement into and out of Connecticut where both the origin and destination are within the United States.

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# State of Connecticut

## Top Twenty Non-Government Employers

2000 RANK	1999 RANK	NAME	HEADQUARTERS	TOTAL CT EMPLOYEES	
				2000	1999
1	1	Stop & Shop	Quincy,MA	15,400	15,123
2	3	Mashantucket Pequot Tribal Nation	near Ledyard,CT	13,202	11,436
3	2	Pratt & Whitney	East Hartford,CT	13,000	13,000
4	5	The Hartford Financial Services Group Inc.	Hartford,CT	11,000	10,856
5	6	Yale University	New Haven ,CT	10,243	10,368
6	7	SNET	New Haven, CT	9,600	9,600
7	8	Citigroup (formerly Travelers Group, Inc.)	Hartford,CT	9,000	8,309
8	9	Hartford Health Care Corp (Hartford Hospital)	Hartford,CT	8,507	7,404
9	4	Aetna,Inc.	Hartford,CT	7,800	11,400
10	19	General Electric Co.	Fairfield, CT	7,700	5,300
11	11	Electric Boat	Groton ,CT	7,300	7,275
12	10	Sikorsky Aircraft	Stratford,CT	7,200	7,400
13	12	CIGNA Group	Philadelphia,PA	6,889	6,300
14	14	Northeast Utilities	Berlin, CT	6,597	6,000
15	15	Pfizer Inc.	Groton ,CT	6,400	6,000
16	18	Mohegan Sun Casino	Montville,CT	6,000	5,500
17	13	Pitney Bowes Inc.	Stamford, CT	6,000	6,000
18	16	FleetBoston Financial Group	Hartford,CT	5,600	6,000
19	17	Yale-New Haven Hospital	New Haven, CT	5,500	5,568
20	20	Hamilton Sundstrand	Windsor Locks,CT	4,300	4,400

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# State of Connecticut

## Major Revenue Sources - General Fund

Last Ten Fiscal Years

(Millions)

FISCAL YEAR	SALES & USE TAX	% OF TOTAL REVENUE	PERSONAL INCOME TAX	% OF TOTAL REVENUE	CORPORATION TAX	% OF TOTAL REVENUE
1992	\$2,080.2	28.2%	\$1,976.6	26.7%	\$641.4	8.7%
1993	2,056.2	27.2%	2,392.0	31.6%	715.2	9.4%
1994	2181.4	27.6%	2,517.7	31.8%	703.5	8.9%
1995	2368.1	27.9%	2,589.9	30.6%	724.7	8.6%
1996	2460.1	27.0%	2,879.4	31.6%	748.1	8.2%
1997	2611.5	27.3%	3,110.9	32.5%	677.9	7.1%
1998	2772.1	27.3%	3,596.2	35.5%	663.7	6.5%
1999	2932.2	25.8%	3,820.8	33.6%	619.5	5.5%
2000	3096.8	25.5%	4,238.2	34.9%	587.8	4.8%
2001	3125.1	24.3%	4,744.2	36.8%	550.5	4.3%

SOURCE: Annual Report of the State Comptroller ([Schedule B-2](#))

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# State of Connecticut

## Sales and Use Tax - Major Industrial Categories

June 30, 2001

(Millions)

INDUSTRY	TAX	PERCENT
Construction	\$127.6	24.5%
Manufacturing	186.7	6.1%
Wholesale	169.8	5.6%
Retail:		
Hardware	126.0	4.1%
General Merchandise	107.1	3.5%
Food Products	106.4	3.5%
Auto Products	370.4	12.1%
Apparel	45.2	4.1%
Home Appliances & Furnishings	131.3	4.3%
Eating & Drinking Establishments	185.1	6.1%
Miscellaneous Shopping Stores	348.2	11.4%
Business	626.8	20.5%
All Other Businesses	520.3	17.1%
Total Sales & Use Tax	\$3,050.9	

NOTE: The figures shown are based on returns filed on a timely basis and do not include audits or late returns.

SOURCE: Department of Revenue Services

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# State of Connecticut

## Miscellaneous Statistics

June 30, 2001

Date of Ratification	January 7, 1788
Form of Government	Legislative - Executive - Judicial
Miles of State Highway	4,102
Land Area	5,009 square miles
State Police Protection:	
Number of Stations	12
Number of State Police	1,251
Higher Education (Universities, Colleges and Community Colleges):	
Number of Campuses in State	26
Number of Educators	3,386
Number of Students	99,576
Recreation:	
Number of State Parks	93
Area of State Parks	32,868 acres
Area of State Forests	149,352 acres
Employees:	
Full-Time	53,218
Part-Time (Permanent)	3,074

SOURCE: Connecticut State Register and Manual

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# State of Connecticut

## Office of the State Comptroller Organization

Nancy Wyman

*State Comptroller*

Mark E. Ojakian

*Deputy Comptroller*

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Bernard McLoughlin

*Director*

### RETIREMENT & BENEFIT SERVICES DIVISION

Steven Weinberger

*Director*

### POLICY SERVICES DIVISION

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